

TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Edward Burek, Deputy Executive Director
RE: Summary of 1994 Pension Legislation
DATE: June 10, 1994

The following is a summary of 1994 legislative session pension provisions. The first major section summarizes legislation for individual plans or plans of a certain type, such as the first class city teacher plans, local police and paid fire plans, and volunteer fire plans. The second major section summarizes general pension legislation applying to all public plans or to miscellaneous groupings of plans.

I. Fund Specific Legislation

A. Minnesota State Retirement System (MSRS)

1. MSRS General

Items (a), (b), (e), (f), and (g) have some benefit related aspects.

- a. Allowable service definition revised. The allowable service definition is amended by eliminating crediting of allowable service for lump sum vacation pay at termination; service credit is added for the whole month in which a person separates from service. (MN Laws 1994, Chapter 528, Article 1, Section 2.)
- b. Salary definition revised. Effective January 1, 1995, lump sum annual leave and overtime payments made at separation, employer-paid fringe benefits, and workers compensation payments are not salary. (MN Laws 1994, Chapter 528, Article 1, Section 3.)
- c. Employee contribution rate statute revised. The employee contribution rate is increased from 3.99 percent of salary to 4.07 percent of salary, revising the statute to reflect changes that were already in effect. (MN Laws 1994, Chapter 528, Article 1, Section 4.)
- d. Employer contribution rate statute revised. The employer contribution rate is increased from 4.12 percent of salary to 4.2 percent, revising the statute to reflect changes that were already in effect. (MN Laws 1994, Chapter 528, Article 1, Section 5.)
- e. Refunds for employment periods under one year. Interest will be based on monthly balances if total employment period is less than one year. (MN Laws 1994, Chapter 528, Article 1, Section 7.)
- f. Restrictions on MSRS-covered labor union official pensions. The salary used for determining contributions and benefits is limited to the employee's actual salary, as salary is defined in MSRS statutes, or 75 percent of the governor's salary, whichever is less. To be eligible for a pension, the individual must terminate employment with the labor union or other MSRS-covered service. The individual is subject to reemployed annuitant earnings limitations. (MN Laws 1994, Chapter 528, Article 4, Sections 1, 2, and 3.)
- g. MSRS coverage, Minnesota Project Innovation employees. The board of Minnesota Project Innovation may authorize its employees to have MSRS General coverage, and to participate in the state deferred compensation plan. (MN Laws 1994, Chapter 554.)
- h. Correction of erroneous deductions to MSRS. MSRS deductions taken in error which should have been made to IRAP may be transferred to that plan. (MN Laws 1994, Chapter 508, Article 1, Section 1.)
- i. Elimination of unnecessary reference to supplemental benefit. An obsolete reference to a supplemental benefit for pre-1967 retirees is removed from Post Fund participation provision. (MN Laws 1994, Chapter 465, Article 2, Section 19.)

2. MSRS Correctional Plan

- a. Clarification of early retirement reduction. Clarifies that the annuity must be reduced due to early retirement. (MN Laws 1994, Chapter 528, Article 1, Section 8.)

- b. Study to develop a budget plan for covering additional personnel under MSRS Correctional. The commissioners of Corrections and Human Services shall meet with representatives of special teachers, nursing, direct care, support, trades, and other professional correctional personnel to develop a budget plan to bring employees who spend over 50 percent of their time in direct inmate contact into the MSRS Correctional Plan. The budget plan must be submitted to the chairs of the LCPR; Senate Crime Prevention, Finance Division; and House Judiciary, Finance Division by December 1, 1994. (MN Laws 1994, Chapter 636, Article 1, Section 5, Subdivision 6.)
- c. Repealer to eliminate conflicting non-job-related disability provisions. Laws 1989, Chapter 319, Article 13, Section 22, which required more stringent qualification requirements and a lesser benefit for non-job-related disability than in Article 17 of the same chapter, is repealed. (MN Laws 1994, Chapter 465, Article 3, Section 30.)

3. Legislators Retirement Plan

This optional annuity form is equal in value to benefits in current statutes.

- a. Optional annuity. Adds a general joint-and-survivor annuity form to the Legislator's Plan, with the payment reduction discounted by the value of any automatic surviving spouse benefit otherwise payable. (MN Laws 1994, Chapter 528, Article 1, Section 1.)

4. MSRS State Patrol Plan

Item (b) has benefit related components.

- a. MSRS State Patrol early retirement provision clarified. Clarifies that early retirement annuities must be reduced. (MN Laws 1994, Chapter 528, Article 1, Section 10.)
- b. Pre-1973 benefit increase capped. The annual six percent benefit increase for pre-1973 annuitants ends with the July 1, 1994 increase. Increases granted through July 1, 1994 are considered part of the annuity and will be part of the base for post retirement increases generated by the post-retirement fund. (MN Laws 1994, Chapter 528, Article 1, Section 11.)

5. MSRS Unclassified Plan

Item (a) has some benefit related aspects.

- a. Employee contribution rate change. Effective January 1, 1995, the employee contribution rate must match the MSRS General Plan employee contribution rate, resulting in an increase from four percent of pay to 4.07 percent. (MN Laws 1994, Chapter 528, Article 1, Section 12.)
- b. International Share Account created. An international share account is created within the Supplemental Investment Fund. (MN Laws 1994, Chapter 604, Article 1, Sections 1, 2, 3, 12, and 14.)
- c. Modified redemption provisions accompanying a conversion of the Fixed Interest Account to a managed GIC Pool. The redemption provisions of the Unclassified State Employees Retirement Plan, the PERA Defined Contribution Plan, and the State University and Community College Individual Retirement Account Plan (IRAP) relating to the Fixed Interest Account of the Supplemental Investment Fund are modified to accommodate a shift from discrete Guaranteed Investment Contracts (GICs) to a managed pool of GICs. (MN Laws 1994, Chapter 604, Article 1, Sections 12, 14, 15 and 16.)
- d. Repealer. Section 352D.09, subdivision 6, which permits a MSRS Unclassified Plan benefit to be paid in a lump sum at the end of the year, is repealed. (MN Laws 1994, Chapter 528, Article 1, Section 15.)

6. MSRS Deferred Compensation Program

Item (b) has benefit related components.

- a. International Share Account created. An international share account is created within the Supplemental Investment Fund. (MN Laws 1994, Chapter 604, Article 1, Sections 1, 2, 3, 12, and 14.)
- b. Supplemental Investment Fund administrative charges increased, except for MSRS Unclassified Plan investments. The Supplemental Investment Fund administrative charge is increased from one-tenth of one percent of invested assets to four-tenths of one percent on investments other than those of the MSRS Unclassified Plan. (MN Laws 1994, Chapter 604, Article 1, Sections 4, 5, and 13.)
- c. Obsolete language removed. Obsolete language, requiring Internal Revenue Service approval of tax deferred status prior to the plan accepting state employee contributions, is removed. (MN Laws 1994, Chapter 528, Article 1, Section 9.)

B. Public Employees Retirement Association

1. PERA General

Items (a), (c), (d), and (h) have some benefit related components.

- a. Revision of salary definition. Eliminates from the definition of salary, for pension purposes, employer paid amounts used by the employee toward the cost of insurance coverage, employer-paid fringe benefits, certain amounts determined by the executive director to be ineligible, increased amounts given to the employee in lieu of employer paid group insurance coverages. (MN Laws 1994, Chapter 528, Article 2, Section 1.)
- b. Revision of definition of temporary position. Defines temporary position to include a person hired to temporarily fill a permanent position; clarifies that temporary position does not mean a person hired for an unlimited period but who works an irregular schedule. (MN Laws 1994, Chapter 528, Article 2, Section 2.)
- c. Revision of definition of allowable service. Changes from 90 days to three months the length of time an employee must return to public service to be eligible to make payments to receive service credit for a subsequent sick leave, a leave of absence without pay, or an authorized, temporary layoff; changes the interest rate on periodic and repetitive leaves from 6 percent to 8.5 percent. (MN Laws 1994, Chapter 528, Article 2, Section 3. Effective May 1, 1994.)
- d. Revision of retirement definition. Requires a complete and continuous separation from employment for 30 days for retirement to be effective; requires a basic or police and fire member who becomes a PERA coordinated member upon returning to non-temporary public employment to work for at least six months before being eligible to retire as a coordinated member. (MN Laws 1994, Chapter 528, Article 2, Section 4.)
- e. Changes in PERA board membership provision. Converts the PERA P&F representative to an elected position rather than governor appointed; adds an elected position representing former members or a PERA disabilitant; and permits the State Auditor to designate a deputy auditor with expertise in pension matters as the auditor's representative. (MN Laws 1994, Chapter 528, Article 2, Section 6.)
- f. Revisions to executive director duties. Permits the executive director, with board approval, to appoint up to two persons in the unclassified service; authorizes the executive director to reduce all or part of required interest under various omitted contribution provisions and employer contribution provisions upon receipt of proof of an unreasonable processing delay or other extenuating circumstances of the employing unit. The PERA board is to specify conditions under which such interest may be reduced. (MN Laws 1994, Chapter 528, Article 2, Section 7. Effective January 1, 1994.)
- g. Revisions to deductions taken in error provision. Authorizes PERA to refund erroneous deductions made by employees who before July 1, 1978 were not eligible because of

concurrent coverage in another public fund; expands authority to refund employee and employer contributions in situations where the executive director determines all or a portion should be excluded from salary for pension purposes. (MN Laws 1994, Chapter 528, Article 2, Section 8. Effective date is retroactive to July 1, 1993.)

- h. Restrictions on PERA-covered labor union official pensions. The salary used for determining contributions and benefits is limited to the employee's actual salary, as salary is defined in PERA statutes, or 75 percent of the governor's salary, whichever is less. To be eligible for a pension, the individual must terminate employment with the labor union or other PERA-covered service. The individual is subject to reemployed annuitant earnings limitations. (MN Laws 1994, Chapter 528, Article 2, Sections 5, 9, 10, 11. Sections 5 and 9, which are reemployed earnings limitations, are effective January 1, 1994. Also see Article 4, Sections 4, 5, 6, and 7.)
- i. Correction of erroneous deductions to PERA. PERA deductions taken in error which should have been made to IRAP may be transferred to that plan. (MN Laws 1994, Chapter 508, Article 1, Section 2.)

The following are PERA special law provisions. All have some benefit related aspects:

- j. Minneapolis Park Police officer, purchase of service credit in PERA Coordinated Plan. A Minneapolis Park Police officer, who has been a PERA P&F member since 1984 and who was born on August 27, 1946, may purchase service credit in the PERA Coordinated Plan for eligible service between July 1, 1978 and the beginning of PERA P&F covered service in 1984. To receive the service credit, the individual must pay contributions plus interest; the employer must pay the remainder of full actuarial value within 60 days. Requires local approval. (MN Laws 1994, Chapter 430.)
- k. Certain soil and water conservation district employees, purchase of service credit. Members of PERA or MSRS General who were soil and water conservation district employees between July 1, 1977 and June 30, 1981, and who became PERA members on July 1, 1981 due to that employment, may purchase service credit in PERA for the July 1, 1977 to June 30, 1981 period if adequate proof of service is provided, if salary was sufficient during the period to meet minimum salary thresholds, and if the member was not eligible for membership in another plan during the period. The employee must pay full actuarial value, with an employer option to pay everything above contributions plus interest. (MN Laws 1994, Chapter 456.)
- l. Individual choice Medicare referendum, PERA Karlstad hospital employees. By January 1, 1995, the Commissioner of Employee Relations must conduct an individual choice Medicare referendum for PERA Basic member Karlstad hospital employees. Requires local approval. (MN Laws 1994, Chapter 459.)
- m. Correction of inadvertent omission from 1993 early retirement incentive eligibility, charitable hospital employees and certain elected local government officials. Benefits paid to an elected city or township clerk, treasurer, or clerk-treasurer; an elected county auditor, treasurer, auditor-treasurer, recorder, attorney, or coroner; or employees of a charitable hospital under apparent authority of the 1993 early retirement incentive legislation (Laws 1993, Chapter 192, Section 108) are ratified. Other individuals in these identified positions are eligible for an early retirement incentive providing various conditions are met. The person must be a PERA member who terminates employment with the charitable hospital or government unit and applies for retirement benefits after April 29, 1994, and before July 15, 1994. In addition, before January 31, 1994, the person must have at least 25 years of service in one or more plans included under the combined service annuity provisions and be at least 55 years old. The eligible employee may choose between an increase in the service accrual multiplier of .25 percent per year of service, for up to 30 years of service, or paid hospital, medical, and dental coverage to age 65. Employers need not offer both incentives. (MN Laws 1994, Chapter 518.)
- n. Waiver of joint and survivor annuity form, retired PERA annuitant. A Saint Paul water utility employee, who retired from PERA effective July 1, 1989 and whose divorce decree provided for a waiver of the optional annuity election, may rescind that selection and receive a straight life annuity instead. (MN Laws 1994, Chapter 526.)
- o. PERA coverage retention, Saint Paul-Ramsey employees. Although Ramsey Healthcare may become a nonprofit corporation, existing employees may retain PERA coverage or

individually choose to terminate PERA coverage before July 1, 1995. (MN Laws 1994, Chapter 549, Sections 1 and 2.)

- p. PERA coverage retention, Itasca Medical Center. If leasing the Itasca Medical Center to a nonprofit or public corporation causes an employment transfer to that nonprofit or public corporation, existing employees retain PERA membership. (MN Laws 1994, Chapter 588.)
- q. PERA coverage retention, Regional Transit Board employee. An employee of the Metropolitan Transit Commission on July 1, 1984, who then became a Regional Transit Board employee and who will become a Metropolitan Council employee on October 1, 1994, may retain PERA coverage. (MN Laws 1994, Chapter 628, Article 3, Sections 207 and 212.)

2. PERA Police and Fire (PERA P&F)

The following PERA P&F provisions are benefit related except item (d).

- a. Use of 2.65 percent accrual rate under the combined service annuity; relaxation of retirement date requirements. Permits individuals to use the combined service annuity provision for service in funds for which the individual's effective dates of retirement with each fund are within a one year period, rather than six months; authorizes PERA P&F members to use a 2.65 accrual rate on PERA P&F service under the combined service annuity provision. (MN Laws 1994, Chapter 528, Article 2, Section 14. Effective retroactive to July 1, 1993.)
- b. Relaxation of disability earnings limitations. The maximum disabilitant earnings not subject to offset is the greater of the salary earned at the date of disability or 125 percent, rather than 100 percent, of the salary currently paid by the employing governmental subdivision for similar positions. When total income from the sum of disability benefits, workers' compensation, plus actual earnings exceeds this amount, the disability benefit will be reduced by one dollar for each three dollars of excess, rather than dollar for dollar. (MN Laws 1994, Chapter 463.)
- c. Coverage for Hennepin County paramedics and emergency medical technicians. Certified, full-time Hennepin County paramedics and emergency medical technicians will become PERA P&F members if the Secretary of the federal Department of Health and Human Services determines these individuals are ineligible for Social Security coverage, and if the Hennepin County board provides local approval. (MN Laws 1994, Chapter 499.)
- d. PERA P&F automatic contribution adjustment provision revisions. Requires four years rather than three years of continuous contribution sufficiencies, beginning July 1, 1994, greater than .5 percent of salary, before contribution rates must be adjusted downward; requires four years rather than three years of continuous contribution deficiencies, beginning July 1, 1994, greater than .5 percent of salary, before contribution rates must be adjusted upward; rate changes can not occur more frequently than once every four years. (MN Laws 194, Chapter 528, Article 2, Section 12.)

3. PERA Consolidation Accounts

Items (a) through (e) have some benefit related aspects.

- a. PERA Consolidation Account active member election of coverage provision clarification. Clarifies that any active member of a consolidation account other than a volunteer firefighter has the right to elect PERA P&F benefits as specified under relevant provisions of law. (MN Laws 1994, Chapter 528, Article 2, Section 13.)
- b. Additional election opportunity. Notwithstanding other law, active members of PERA consolidation accounts which were established before July 1, 1993 may elect PERA P&F benefit coverage within six months following July 1, 1994. (MN Laws 1994, Chapter 528, Article 5.)

The following is relevant for active members of consolidation accounts who have elected PERA P&F benefits and who become disabled:

- c. Relaxation of disability earnings limitations. Under the PERA P&F plan, the maximum disabilitant earnings not subject to offset is the greater of the salary earned at the date of disability or 125 percent, rather than 100 percent, of the salary currently paid by the

employing governmental subdivision for similar positions. When total income from the sum of disability benefits, workers' compensation, plus actual earnings exceeds this amount, the disability benefit will be reduced by one dollar for each three dollars of excess, rather than dollar for dollar. (MN Laws 1994, Chapter 463.)

The following provisions are relevant in situations where local plan benefits apply:

- d. Municipal mandating of continuation of surviving spouse benefits upon remarriage. By majority vote of the municipal governing body, the municipality can mandate that the municipal police and paid fire relief association benefit plans provide a surviving spouse benefit that does not cease with remarriage. Applies to consolidation accounts established before or after the enactment, and also applies to any individual who had his or her benefits discontinued under a local plan due to remarriage. (MN Laws 1994, Chapter 491, Article 2.)
- e. Surviving spouse benefits authorized for marriages occurring after retirement or termination of service. Police and paid fire relief associations, or the PERA board for relief associations that have consolidated, are authorized to allow surviving spouse benefits in situations where marriage occurs after retirement, or while on deferred status, providing the marriage occurred at least five years before the death of the member. This applies to the spouses of all current active members, current deferred annuitants, current retirees, and to surviving spouse benefits payable on the effective date of the change. Municipal approval following review of actuarial work, and filing of the amendment with the Executive Director of the LCPR, the State Auditor, and the Secretary of State is required. (MN Laws 1994, Chapter 528, Article 5.) (Note: Similar changes passed separately for Minneapolis Police and Minneapolis Fire. See MN Laws 1994, Chapter 590, Article 1, Section 2, and Article 2, Section 2 for Minneapolis Police and MN Laws 1994, Chapter 591 for Minneapolis Fire.)

The following provisions apply to individual consolidation accounts. All have some benefit related aspects.:

- f. Saint Paul Consolidation Account, refund of member contributions plus interest to heir of deceased police officer. The heirs of a deceased Saint Paul police officer born on February 4, 1941, and who died on May 1, 1990, will receive a refund of member contributions with interest. Requires local approval. (MN Laws 1994, Chapter 409.)
- g. Additional election opportunity, Red Wing Police Consolidation Account. Notwithstanding other law, active members of the Red Wing Police Consolidation Account may elect PERA P&F benefit coverage within 90 days of the effective date. Effective upon local approval. (MN Laws 1994, Chapter 410.)
- h. Changing definition of maximum monthly salary, Duluth Joint Police and Fire Consolidation Account. For purposes of the Duluth Fire local plan benefits, "maximum pay of a firefighter" is defined to include overtime payments for a regular workweek mandated by the federal Fair Labor Standards Act of 1938, as amended. Applies to benefit payments and payroll deductions after January 31, 1992. Local approval required. (MN Laws 1994, Chapter 474.)

4. PERA Public Employees Defined Contribution Plan

- a. International Share Account created. An international share account is created within the Supplemental Investment Fund. (MN Laws 1994, Chapter 604, Article 1, Sections 1, 2, 3, 12, and 14.)
- b. Modified redemption provisions accompanying a conversion of the Fixed Interest Account to a managed GIC Pool. The redemption provisions of the Unclassified State Employees Retirement Plan, the PERA Defined Contribution Plan, and the State University and Community College Individual Retirement Account Plan (IRAP) relating to the Fixed Interest Account of the Supplemental Investment Fund are modified to accommodate a shift from discrete Guaranteed Investment Contracts (GICs) to a managed pool of GICs. (MN Laws 1994, Chapter 604, Article 1, Sections 12, 14, 15, and 16.)
- c. Repealer, duplicative administrative expense provision. Laws 1992, Chapter 432, Article 2, Section 41 is repealed. Two provisions of 1992 law amended the plan's administrative expense provision. The one providing the lesser charge appears in statute; the other

appears in a footnote. This repeals the provision in the footnote. (MN Laws 1994, Chapter 465, Article 3, Section 57.)

C. Teachers Retirement Association (TRA)

Item (a) is an employee funded benefit improvement. Items (b) and (c) are benefit related, as are (i), (n), (o), (s), (t), (x), and (z). Item (aa) is an early retirement incentive for consolidating school districts.

- a. Increase in service accrual rate. The Tier I service accrual rate for coordinated members increases from 1.0 percent to 1.13 percent for each of the first ten years of service, and from 1.5 percent to 1.63 percent for each year thereafter. Similar rates for basic members increase from 2.0 percent to 2.13 percent for each of the first ten years of service, and from 2.5 percent to 2.63 percent for each year thereafter. Level benefit rates for coordinated members increase from 1.5 to 1.63 percent, while level benefit rates for basic members increase from 2.5 percent to 2.63 percent. Contribution rates increase from 4.5 percent to 6.5 percent of covered salary for coordinated members and from 8.5 percent to 10.5 percent of salary for basic members. (MN Laws 1994, Chapter 524.)
- b. State university, community college waiver of reemployed annuitant offset. Reemployed annuitant offsets do not apply to individuals who were full-time faculty members at state universities or community colleges just prior to retiring from TRA, who have at least ten years of service credit, who return to work at the state university or community college at one-third to two-thirds time at a salary under \$35,000. Individuals also receive paid hospital, medical, and dental benefits as though employed full-time. (MN Laws 1994, Chapter 602, Section 2.)
- c. Part-time teaching provision revisions. The following changes were made in the qualified part-time teachers program:
 - Teachers with at least three years of service, rather than at least 20 years of service, can qualify for assignment to a part-time teaching service position. If the teacher has at least 20 years of service, the employer is required to pay the full-time equivalent employer contribution to the fund. (MN Laws 1994, Chapter 521, Sections 1 and 2.)
 - Effective July 1, 1995, TRA members in the technical college system are also included under the part-time teaching service provision. (MN Laws 1994, Chapter 572, Section 6.)
 - For state university and state college part-time teachers who are TRA members, salary may exceed the 67 percent limit normally applied if the teacher teaches no more than two out of the three quarters. (MN Laws 1994, Chapter 528, Article 3, Section 33.)
 - Participation must be based on a full fiscal year and the employment pattern of the teacher during the most recent fiscal year. (MN Laws 1994, Chapter 528, Article 3, Section 31.)
 - TRA must receive a copy of the part-time teaching agreement before October 1st of the year in which retirement contributions are made for the part-time teaching service. (MN Laws 1994, Chapter 528, Article 3, Section 32.)
- d. Revisions, teacher and independent contractor definitions. Codifies an administrative policy that a person who teaches and performs other service for a district is a TRA member if at least 50 percent of the total salary comes from teaching; determination of independent contractor status will be based on factors established by the Internal Revenue Service; deletes obsolete language. (MN Laws 1994, Chapter 528, Article 3, Section 1.)
- e. Dependent child definition revisions. Clarifies language to clearly indicate that a dependent child includes a child conceived by the member and born after the member's death. (MN Laws 1994, Chapter 528, Article 3, Section 2.)
- f. Surviving spouse definition added. "Surviving spouse" is the spouse of a deceased member or a disabilitant who was legally married to the member or disabilitant at the time of death. (MN Laws 1994, Chapter 528, Article 3, Section 2.)

- g. TRA retirement definition revisions. Retirement cannot occur without application for an annuity; the effective date of retirement must occur for an annuity plan selection to take effect. (MN Laws 1994, Chapter 528, Article 3, Section 4.)
- h. TRA designated beneficiary definition revisions. Designated beneficiary can include a trust or organization; designated beneficiary form requires the member's signature and two witnesses. (MN Laws 1994, Chapter 528, Article 3, Section 5.)
- i. TRA salary definition revisions. Salary includes employee-paid fringe benefits; salary does not include wellness payments, employer-paid fringe benefits including flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, automobile allowances and expenses, employer contributions to tax-sheltered annuity programs, and payments made during suspension for a health-related reason. (MN Laws 1994, Chapter 528, Article 3, Section 6.)
- j. Definition of timely receipt added. A document is considered to be a timely receipt if postmarked on or before the due date, or the day following if the due date is a Saturday, Sunday, or legal holiday. (MN Laws 1994, Chapter 528, Article 3, Section 7.)
- k. Duties of executive director revisions. Permits the executive director to contract for professional management services (actuary, management consultants, etc.) more often than once every six years; permits TRA employees to conduct field audits of an employing unit; recover overpayments to benefit recipients by withholding from benefit checks if necessary; authorizes the executive director, with board approval, to reduce all or a part of accrued interest and fines due from an employing unit for noncompliance with reporting requirements based on a review of extenuating employing unit circumstances. (MN Laws 1994, Chapter 528, Article 3, Section 8.)
- l. Expense reimbursement. Authorizes board members to receive expense reimbursement for "association functions and presentations." (MN Laws 1994, Chapter 528, Article 3, Section 9.)
- m. Representation at hearing. Permits assistant executive director to represent TRA at hearing. (MN Laws 1994, Chapter 528, Article 3, Section 10.)
- n. State university, community college service crediting, less than 170 days. TRA members in state universities or community colleges will receive full year service credit based on the number of days in the institution's school year, if it is less than 170. (170 is normally considered by TRA as a full year for service credit purposes.) (MN Laws 1994, Chapter 528, Article 3, Section 11.)
- o. Family leave provision added. A family leave granted under United States Code, title 42, section 12631, may receive service credit by paying the employee, employer, and additional employer contributions by the end of the fiscal year following the fiscal year in which the leave terminated or before retirement, whichever is earlier. (MN Laws 1994, Chapter 528, Article 3, Section 12.)
- p. Assignment or process exemption provision revised to acknowledge power of attorney. Permits TRA to acknowledge a power of attorney. (MN Laws 1994 Chapter 528, Article 3, Section 13.)
- q. Automatic depositing authorized to non-Minnesota banks. TRA is authorized to make automatic benefit deposits in non-Minnesota banking institutions. (MN Laws 1994, Chapter 528, Article 3, Section 14.)
- r. Mandatory retirement provision revised for consistency with federal age discrimination requirements. Removes obsolete language which conflicts with federal age discrimination law. (MN Laws 1994, Chapter 528, Article 3, Section 17.)
- s. Increase in retroactive accrual; specification of accrual date for administrators on fiscal year contracts. Permits retirement to accrue up to six months before application date rather than 90 days; specifies a July 1 accrual date for all school principals and other administrators with an annual contract running to the end of the fiscal year. (MN Laws 1994, Chapter 528, Article 3, Section 18.)

- t. Restriction placed on interim superintendent exemption from reemployed annuitant reductions. The exemption does not apply to a person who retires from the district and returns to the same district as an interim superintendent within one year. (MN Laws 1994, Chapter 528, Article 3, Section 19.)
- u. Elimination of obsolete "dependent" references. Revises and modernizes language in the basic program disability provision to eliminate dependent spouse references. (MN Laws 1994, Chapter 528, Article 3, Section 20.)
- v. Death benefit designated beneficiary provision clarification. Clarifies that adopted children can be named as beneficiaries; permits individuals other than a biological or adopted child to be named as beneficiaries for lump sum death benefits. (MN Laws 1994, Chapter 258, Article 3, Section 21.)
- w. Payment after death provisions, benefits to estate. If there are no designated beneficiaries, uncashed benefit checks issued before the intended recipient's death are payable to the estate. (MN Laws 1994, Chapter 258, Article 3, Section 22.)
- x. Disability benefit application provision, increased retroactivity. Disability benefits can accrue as early as six months prior to application date, rather than 90 days. (MN Laws 1994, Chapter 528, Article 3, Section 23.)
- y. Reporting requirements revised; new requirements added; penalties revised. Reporting and remittance requirements are extensively revised, including the following:
 - any contribution amount not remitted within 60 days will be deducted by the Commissioner of Finance from state aid or appropriations. (MN Laws 1994, Chapter 528, Article 3, Section 27.)
 - New member data reporting requirements are established. Employing units must provide member identification (name, address, TRA number, social security number); association status; employment status (full-time, part-time, intermittent, substitute, mobility); employment position (teacher, administrator, other); employment activity (hire, termination, resumption of employment, disability, or death); leaves of absence; other information as required. (MN Laws 1994, Chapter 528, Article 3, Section 28. Effective July 1, 1995.)
 - New payroll cycle reporting requirements are established. The employing unit must report each payroll cycle identifying each employee, salary amounts, contribution amounts, and other information as required. (MN Laws 1994, Chapter 528, Article 3, Section 29. Effective July 1, 1995.)
 - Penalties are revised. Employing units that do not comply with the reporting requirements will be fined \$5 per day until the required data is received. Removes \$50 per month penalty on delinquent school district annual summary report and post retirement income reports. (MN Laws 1994, Chapter 528, Article 3, Sections 25, 26, and 30.)
- z. Restrictions on TRA-covered labor union official pensions. The individual may elect continued TRA coverage within 90 days of commencing employment by the labor organization. The salary used for determining contributions and benefits is limited to the employee's actual salary, as salary is defined in TRA statutes, or 75 percent of the governor's salary, whichever is less. To be eligible for a pension, the individual must terminate employment with the labor union or other TRA-covered service. The individual is subject to reemployed annuitant earnings limitations. (MN Laws 1994, Chapter 528, Article 4, Sections 8, 9, and 10.)
- aa. Retirement incentives, consolidating school districts. A school board, when district consolidations occur, may offer early retirement incentives to licensed and nonlicensed staff. Options are:
 - purchasing up to five years of service credit, if the employee currently has at least ten years of allowable service, by paying employee contributions based on the salary in the final year (if employee contributions are made, the employer makes the corresponding employer contribution);

- an extended leave of absence for eligible employees under Section 125.60;
 - severance payments;
 - employer paid health insurance to age 65. (MN Laws 1994, Chapter 647, Article 6, Section 7.)
- bb. **REPEALER**. The following provisions are repealed:
- Section 354.05, subdivision 15, the definition of dependent spouse;
 - Section 354.05, subdivision 29, an obsolete definition of social security receivable;
 - Section 354.43, subdivision 3, a provision specifying how the various contributing units will finance and treat required contributions;
 - Section 354.57, an obsolete pre-73 accounting provision;
 - Section 354.65, an obsolete college supplemental investment fund provision;
 - Section 356.18, a provision that requires that written requests be filed by the recipient before a benefit increase can be paid.
 - Laws 1989, Chapter 319, Article 13, Section 55, a provision which amended an obsolete membership subdivision. This eliminates a conflict; that subdivision was also repealed by Article 2, Section 28 of the same chapter. (MN Laws 1994, Chapter 465, Article 3, Section 31.)
 - Laws 1990, Chapter 426, Article 1, Section 5, a provision which amended an obsolete variable annuity account subdivision. This also eliminates a conflict; that subdivision was repealed by Laws 1990, Chapter 426, Article 1, Section 5. (MN Laws 1994, Chapter 465, Article 3, Section 37.)
 - Laws 1991, Chapter 340, Section 1, which amended a provision authorizing the executive director to redeem Supplemental Retirement Account shares for state university and community college faculty. This eliminates a conflict; the provision was repealed in 1991. (MN Laws 1994, Chapter 465, Article 3, Section 54.)

The following are special laws. Both are benefit related.

- cc. **Roseau school district retiree, adjustment of retirement date and post-retirement adjustment benefit recomputation**. A Roseau school district retiree whose retirement application was postmarked July 1, 1982 must be considered to have retired effective July 1, 1982. The individual's annuity benefits are to be recomputed, with back payments, to adjust for the omitted post-retirement increase and the compounding effects which are now being reflected in the adjusted benefit level. (MN Laws 1994, Chapter 440.)
- dd. **Purchase of service credit, certain Merchant Marine service**. An individual born on December 29, 1912, who served in the Merchant Marine between December 7, 1941 and December 31, 1946, may purchase service credit in TRA for the portion of that period recognized as active military service other than a voluntary extension. Requires full actuarial value. (MN Laws 1994, Chapter 494.)

D. State University, Community Colleges, and Technical Colleges

Items (a), (c), (e), (g), (j), (k), (l) and (o) are either benefit improvements or have benefit related components.

- a. **Technical college retirement coverage upon merger**. Individuals who are technical college employees on June 30, 1995, who are transferred to state employment, remain members of PERA or the Minneapolis Employees Retirement Fund (MERF), as applicable, unless the person elects MSRS General coverage within 120 days of transfer to state employment. Coverage transfer can be revoked within six months of becoming a state employee. (MN Laws 1994, Chapter 572, Sections 1, 4, and 5.)
- b. **Higher Education Board to administer IRAP**. As of July 1, 1995, the Higher Education Board will administer the Individual Retirement Account Plan (IRAP) previously

administered by the state university and community college boards. (MN Laws 1994, Chapter 572, Sections 2, and 8.)

- c. Higher Education Board and technical college employees eligible for the supplemental retirement plan. Effective July 1, 1994, employees of the Higher Education Board also receive supplemental retirement plan coverage; and, effective July 1, 1995, the technical college personnel receive this coverage. (MN Laws 1994, Chapter 572, Sections 7, 9, and 10.)
- d. Supplemental retirement plan administration transfers to Higher Education Board. Effective July 1, 1995, supplemental retirement plan administration transfers to the Higher Education Board. (MN Laws 1994, Chapter 572, Section 10.)
- e. Early separation incentives. Due to the merger and restructuring, certain individuals in eliminated positions, as certified by the Chancellor of the Higher Education Board or the Executive Director of the Higher Education Coordinating Board, may elect an early separation incentive. An eligible individual is a person:
 - employed by the Higher Education Coordinating Board, a state university, community college, or technical college; or an administrative employee of a local school district, joint technical district, or intermediate district assigned to a technical college position whose position is to be eliminated;
 - is in active work status in a permanent position;
 - is at least age 55 and less than age 65 and would immediately be eligible for a retirement pension; and
 - retires, separates, or is terminated from an eligible position after June 30, 1994 and before July 1, 1996.

Applicable individuals may select one of the following incentives:

- if the individual receives a termination notice, the individual may select a six-month retraining leave to complete a program designed to prepare the employee to assume a faculty position at a system institution, or
 - state paid hospital, medical, and dental insurance to age 65, plus, if the individual has at least 15 years of service in Minnesota pension plans, the right to purchase up to two years of service credit (or two more years of contributions). (MN Laws 1994, Chapter 572, Section 3.)
- f. Transfer of technical college obligations to Higher Education Board. On July 1, 1995, existing pension, retirement, and separation obligations of the technical colleges transfer to the Higher Education Board. (MN Laws 1994, Chapter 572, Section 11.)
 - g. State university, community college waiver of reemployed annuitant offset. Reemployed annuitant offsets do not apply to individuals who were full-time faculty members at state universities or community colleges just prior to retiring from TRA, who have at least ten years of service credit, who return to work at the state university or community college at one-third to two-thirds time at a salary under \$35,000. Individuals also receive paid hospital, medical, and dental benefits as though employed full-time. (MN Laws 1994, Chapter 602, Section 2.)
 - h. Modified redemption provisions accompanying a conversion of the Fixed Interest Account to a managed GIC Pool. The redemption provisions of the Unclassified State Employees Retirement Plan, the PERA Defined Contribution Plan, and the State University and Community College Individual Retirement Account Plan (IRAP) relating to the Fixed Interest Account of the Supplemental Investment Fund are modified to accommodate a shift from discrete Guaranteed Investment Contracts (GICs) to a managed pool of GICs. (MN Laws 1994, Chapter 604, Article 1, Sections 12, 14, 15, and 16.)
 - i. Revisions of erroneous deduction provisions. Deductions made to MSRS, PERA, or TRA which were taken in error and which should have been made to IRAP may be transferred to IRAP. (MN Laws 1994, Chapter 508, Article 1, Sections 1, 2, and 4.)

- j. Technical college teachers included in IRAP. After June 30, 1995, teaching personnel in the technical colleges, including the first class city technical colleges, are included in IRAP coverage unless the affected current or future teacher elects coverage by the applicable defined benefit teacher retirement plan. (MN Laws 1994, Chapter 508, Article 1, Sections 3, 5, 6, 7, 8, 9, and 11.)

- k. State university and community college teachers allowed to elect defined benefit teacher retirement plan coverage. Current and future teaching personnel in the state university or state community college systems are permitted to elect coverage by TRA. (MN Laws 1994, Chapter 508, Article 1, Sections 9 and 10.)
- l. IRAP members with less than three years of prior TRA service permitted to transfer employee contributions. IRAP members with less than three years of prior TRA service may transfer member only contributions to IRAP plus six percent interest. (MN Laws 1994, Chapter 508, Article 1, Section 13.)
- m. Increase in financial institutions providing IRAP annuity products. SBI may select up to five, rather than two, other financial institutions to provide annuity products for IRAP. (MN Laws 1994, Chapter 508, Article 1, Section 12.)
- n. Proposed recodification required. A chapter 354B (IRAP) recodification will be developed by LCPR staff working with representatives of the Higher Education Board, the State University Board, the Community College Board, employee bargaining unit representatives, and other interested parties. The proposal must include language to merge IRAP into a single administration and to eliminate obscure, ambiguous, and obsolete language. (MN Laws 1994, Chapter 508, Article 1, Section 14.)
- o. IRAP coverage, supervisory or professional employees of the State Arts Board or Minnesota Humanities Commission. New and existing supervisory or professional employees of the State Arts Board or the Minnesota Humanities Commission may elect coverage under the respective state retirement plan or IRAP. Employee and employer contributions in the prior plan, if relevant, become a deferred, augmented annuity, except that a former MSRS General member may elect to transfer accumulated employee contributions plus six percent interest to IRAP as an alternative. For all individuals selecting IRAP coverage, the ongoing employee and employer contributions that will be made to IRAP are those applicable for the plan that would otherwise provide the coverage (MSRS system, PERA, or TRA). (MN Laws 1994, Chapter 508, Article 2.)

E. Minneapolis Employees Retirement Fund (MERF)

- a. Unchanged investment authority. To the extent that MERF may invest in investments authorized under SBI's investment authority (Section 11A.24), MERF is limited to investments authorized prior to changes in Section 11A.24 authorized by the 1994 Legislature. (MN Laws 1994, Chapter 604, Article 2, Section 4.)

F. First Class City Teacher Plans

All but item (e) has some benefit related component.

- a. Liberalized eligibility for part-time teaching provisions. Teachers with at least three years of service, rather than at least 20 years of service, can qualify for assignment to a part-time teaching service position. If the teacher has at least 20 years of service, the employer is required to pay the full-time equivalent employer contribution to the fund. (MN Laws 1994, Chapter 521, Sections 3 and 4.)
- b. Clarification of "salary" definition. Salary for pension purposes includes all compensation upon which member contributions are made, including amounts for employee selected fringe benefits, tax sheltered annuities, or deferred compensation. Amounts excluded from salary include lump sum payments for annual leave, wellness, and sick leave; payments in lieu of employer paid group insurance; payments for the difference between single and family coverage; employer paid fringe benefits; and payments to administrators for services in addition to the normal work year for services performed on a non-duty day; employer payments to a tax sheltered annuity contract. (MN Laws 1994, Chapter 542, Section 1.)
- c. Maternity, paternity leave, Minneapolis Teachers Retirement Fund Association. The Minneapolis Teachers Retirement Fund Association (MTRFA) is included in the first class city teachers maternity, paternity leave provision. (MN Laws 1994, Chapter 542, Section 2.)
- d. Reemployed annuitant earnings offset provision, coverage changes and clarification of covered salary. Retirees from the Saint Paul Teachers Retirement Fund Association (SPTRFA) and MTRFA basic programs are subject to the reemployed annuitant earnings limitation provision. Consultant and independent contractor income due to working for the

respective school district in any capacity will be recognized in reemployed annuitant earnings. For an individual who resumes teaching service, for purposes of the offset provision the fund will use the greater of income received or the rate paid to an administrator, consultant, or independent contractor in that school district that exists for that position. (MN Laws 1994, Chapter 542, Section 3.)

- e. SPTRFA board composition. The SPTRFA board will have ten members, which includes the Saint Paul school board chair as an ex officio member. The other nine are elected for staggered three year terms, with six elected by active members and three elected by annuitants, disabilitants, and surviving spouse benefit recipients. Voting must be by paper ballot and mailed to active members and benefit recipients. The secretary-treasurer of the fund may not be a board member. To be effective, these changes, as a group, must be adopted by a majority vote at an annual or special membership meeting. (MN Laws 1994, Chapter 565, Article 1.)

G. Local Police and Paid Fire Relief Associations

The following two items apply to all local police and paid fire relief associations. Items (a) and (b) are benefit related.

- a. Surviving spouse benefits authorized for marriages occurring after retirement or termination of service. Police and paid fire relief associations, or the PERA board for relief associations that have consolidated, are authorized to allow surviving spouse benefits in situations where marriage occurs after retirement, or while on deferred status, providing the marriage occurred at least five years before the death of the member. This applies to the spouses of all current active members, current deferred annuitants, current retirees, and to surviving spouse benefits payable on the effective date of the change. Municipal approval following review of actuarial work, and filing of the amendment with the Executive Director of the LCPR, the State Auditor, and the Secretary of State is required. (MN Laws 1994, Chapter 528, Article 5.) (Note: Similar changes passed separately for Minneapolis Police and Minneapolis Fire. See MN Laws 1994, Chapter 590, Article 1, Section 2, and Article 2, Section 2 for Minneapolis Police and MN Laws 1994, Chapter 591 for Minneapolis Fire.)
- b. Municipal mandating of continuation of surviving spouse benefits upon remarriage. By majority vote of the municipal governing body, the municipality can mandate that the municipal police and paid fire relief association benefit plans provide a surviving spouse benefit that does not cease with remarriage. Applies to consolidation accounts established before or after the enactment, and also applies to any individual who had his or her benefits discontinued under a local plan due to remarriage. (MN Laws 1994, Chapter 491, Article 2.)
- c. Unchanged investment authority. To the extent that police and paid fire relief associations may invest in investments authorized under SBI's investment authority (Section 11A.24), these associations are limited to investments authorized prior to changes in Section 11A.24 authorized by the 1994 Legislature. (MN Laws 1994, Chapter 604, Article 2, Section 1.)

The following items apply to individual relief associations. All but item (i) are benefit related:

- d. Austin Fire Relief Association, retiree spousal health benefits. The relief association may pay for spousal medical coverage, providing the spouse would be eligible for a surviving spouse benefit upon the death of the pension recipient. The total medical benefit for the retired couple is equal to that paid by the city for an active firefighter and spouse. Requires local approval. (MN Laws 1994, Chapter 490, Sections 1 and 3.)
- e. Austin Fire Relief Association, survivor benefit for certain spouse. A person who married a widowed Austin firefighter after the firefighter retired, who was married to that retired firefighter for at least three years before the death of the retiree, is entitled to a surviving spouse benefit normally payable to the surviving spouse of a deceased active member, reduced by amounts awarded to a former spouse of the deceased active member due to dissolution of the member's prior marriage. Requires local approval. (MN Laws 194, Chapter 390, Sections 2 and 3.)
- f. Municipal mandating of continuation of surviving spouse benefits upon remarriage. By majority vote of the municipal governing body, the municipality can mandate that the municipal police and paid fire relief association benefit plans provide a surviving spouse benefit that does not cease with remarriage. (MN Laws 1994, Chapter 491, Article 1.)

- g. South Saint Paul Police Relief Association; clarification of uncreditable probationary employment. A member of the South Saint Paul Police Relief Association, hired after September 1, 1978 and before March 1, 1979, may receive service credit in the association for the probationary employment period in excess of six months. The member must make a corresponding member contribution plus five percent interest. The remainder of the resulting accrued liability is paid by the city through its municipal contributions to the relief association. (MN Laws 1994, Chapter 541, Section 3.)
- h. Revised service accrual rates, Minneapolis Police Relief Association. Service accrual rates are changed to two percent of salary for pension purposes per year of allowable service, for each year up to 25, rather than 2.125 percent per year for the first 20 years, 1.25 percent per year for years 21 through 24, and five percent for the 25th year. Requires local approval. (MN Laws 1994, Chapter 590, Article 1, Section 1, and Article 2, Section 1.)
- i. Minneapolis Police mandatory retirement age provision, elimination of obsolete reference. A cross-reference to a previously repealed provision is eliminated from Minneapolis Police mandatory retirement provision. (MN Laws 1994, Chapter 465, Article 2, Section 20.)

The following item applies to Minneapolis Police and Minneapolis Fire:

- j. Reduced amortization aid and supplemental amortization aid for Minneapolis relief associations. Amounts appropriated for fiscal 1995 are reduced by \$1 million due to excess investment earnings for the two Minneapolis relief associations under thirteenth check legislation. The reduction is for amounts that would otherwise be payable to the city of Minneapolis. (MN Laws 1994, Chapter 632, Article 3, Section 14.)

H. Volunteer Fire Relief Associations

- a. Unchanged investment authority. To the extent that volunteer fire relief associations may invest in investments authorized under SBI's investment authority (Section 11A.24), these associations are limited to investments authorized prior to changes in Section 11A.24 authorized by the 1994 Legislature. (MN Laws 1994, Chapter 604, Article 2, Section 2.)
- b. American Indian Reservations eligible for fire state aid. Beginning with fire state aid paid in 1995, an American Indian tribal government entity located within an American Indian reservation is recognized as a municipality, making it possible to qualify for fire state aid. (MN Laws 1994, Chapter 498.)
- c. Contribution reduction for overfunded plans. If the Bloomington Fire Relief Association or other volunteer fire relief associations paying monthly pension benefits have assets in excess of accrued liabilities, plan contributions may be reduced by one-tenth of the amount of the excess. (For Bloomington, local approval required.) (MN Laws 1994, Chapter 541, Sections 1 and 2.)
- d. Change in board composition, Moose Lake Fire Protection district. The district will be governed by two members appointed by each town board or city council, rather than one from each, plus one additional member from the district, appointed by a majority vote of the other members; the district executive director is renamed "district administrator." (MN Laws 1994, Chapter 517, Sections 1 and 2.)

I. Ambulance Service Personnel Longevity Incentive Awards

- a. Portion of excess police state aid redirected to Ambulance Plan. The public employees insurance reserve holding account in PERA is renamed the excess contributions holding account. Also, one million dollars annually in excess police state aid from that account is redirected to fund the Ambulance Personnel Longevity Award Program, with the remainder transferred to the state's general fund. (MN Laws 1994, Chapter 632, Article 3, Sections 46, 48, 50, and 56.)
- b. Ambulance service personnel longevity award and incentive suspense account established. The ambulance service personnel longevity award and incentive suspense account is established to receive \$1 million annually from PERA's excess contributions holding account, any per-year-of-service allocation not made for an individual, and investment earnings. From this suspense account to the trust account is transferred the \$1 million annually plus a progressively increasing phase-in of the additional money in ambulance

longevity plan allocations over the fiscal year period 1995 to 2001, when the ambulance plan coverage groups can be expected to be substantially complete. (MN Laws 1994, Chapter 632, Article 3, Section 50.)

II. General Provisions

The following two items apply to all MSRS administered plans:

- a. Clarification of laws in effect for computing annuities. A subdivision is added to the post fund participation section, indicating that annuities will be computed under the law in effect as of the last day for which the employee receives pay, or if on medical leave, the day the leave terminates. Employees must return to work for six months following a termination to be eligible for improved benefits resulting from any law changes enacted after that termination. (MN Laws 1994, Chapter 528, Article 1, Section 6.)
- b. Repealer. Section 352.15, subdivision 2, which allows the employer to use retirement money to recover salary overpayments once an employee has left service, is repealed. (MN Laws 1994, Chapter 528, Article 1, Section 15.)

The following applies to MSRS, PERA, TRA, MERF, and first class city teacher plans:

- c. Administrative bill procedures, bill content, and policy uniformity. In order to be acted upon in the upcoming session, proposed administrative changes for MSRS, PERA, TRA, MERF, or first class city teacher funds must be submitted to the LCPR, the Senate Governmental Operations and Reform Committee, and the House Governmental Operations and Gambling Committee before October 1, of each year. LCPR staff must provide written comments by November 15th. To the extent feasible and appropriate, the plans will present uniform proposals covering leaves of absence, disability benefit offsets, purchases of service credit, reemployed annuitant provisions, and authorizing retroactivity on retirement annuity or benefit applications. (MN Laws 1994, Chapter 528, Article 1, Section 13, Subdivision 1.)

The following applies to PERA, TRA, and first class city teacher plans:

- d. Study of salary definition. To study the definition of salary for pension and disability purposes, the LCPR will establish an advisory committee of at least three executive directors or executive secretaries from the plans, and the LCPR chair, vice-chair, and executive director. The advisory committee will report its findings to the LCPR by February 15, 1995. (MN Laws 1994, Chapter 528, Article 1, Section 13, Subdivision 2.)

The following apply to all plans included under the combined service annuity provision (Section 356.30). Both items have some benefit related aspects.

- e. Relaxation of retirement date requirements. Permits individuals to use the combined service annuity provision for service in funds for which the individual's effective dates of retirement with each fund are within a one year period, rather than six months. (MN Laws 1994, Chapter 528, Article 2, Section 14.)
- f. Ceiling on covered salary. For contribution and benefit purposes, covered salary can not exceed 95 percent of the governor's salary. This limitation does not apply to the governor, or to any state or political subdivision position for which the commissioner of employee relations has approved a salary that exceeds 95 percent of the governor's salary. (MN Laws 194, Chapter 528, Article 4, Section 11.)

The following applies to MSRS, PERA, and TRA, and possibly other plans:

- g. Possible actuarial assumption changes. Based on experience studies completed in 1994 or 1995, the LCPR-retained actuary will make recommendations for changing actuarial assumptions. (MN Laws 1994, Chapter 528, Article 1, Section 14.)

The following two items apply to all plans:

- h. Additional public pension plan investment information disclosure. The State Board of Investment (SBI) and any Minnesota public pension fund not wholly invested through SBI, including police and paid and volunteer fire funds, must report the following information to the State Auditor: market value of investments, payroll-based or other contributions and

revenue received, benefits paid, all administrative services paid including salaries and investment management fees, and total return on investment. The organization must also include a written statement of investment policy in effect on June 30, 1988 and all subsequent changes. For funds other than Bloomington Fire and volunteer fire funds, the financial information provided must be quarterly for calendar year 1989 through 1991, and on a monthly basis thereafter. For Bloomington Fire and volunteer fire funds, the information for 1989 onward must be quarterly. Firefighter relief associations with less than \$300,000 in market value must submit the information before October 1, 1995, and subsequently within six months of the end of each fiscal year. All other funds must submit the information through fiscal year 1993 before October 1, 1994, and subsequently within six months of the end of each fiscal year. Failure to comply can result in withholding of all state aid. For Bloomington Fire or other volunteer fire relief associations, the withholding will be waived if the relief association certifies that the pre-1993 information no longer exists, or if the state auditor determines that reconstructing the data would be an unnecessary hardship. The State Auditor will use the information to provide an annual report to the Legislature. (MN Laws 1994, Chapter 565, Article 2.)

- i. Repeal of duplicative health insurance withholding provision. Laws 1991, Chapter 340, Section 32 is repealed. Two provisions of 1991 laws amended Section 356.87, a health insurance withholding provision. The amendments were of similar wording and effect. This repealer eliminates the version appearing as a footnote in statute. (MN Laws 1994, Chapter 465, Article 3, Section 55.)

The following applies to TRA, first class city teacher plans, and IRAP:

- j. Study of applicability of federal tax laws to employer matching contributions to 403(b) plans. The LCPR will study whether pension provisions of federal tax laws apply to employer matching contributions to 403(b) plans and report to the chairs of the House Government Operations and Gambling Committee and the Committee on Ways and Means, and to the Senate Government Operations and Reform Committee and the Finance Committee by January 15, 1995. (MN Laws 1994, Chapter 572, Section 12.)

The following item, which has certain benefit related aspects, applies to all plans providing coverage to any employee of the state:

- k. Leave of absence to volunteer with the American Red Cross. A state employee who is an American Red Cross certified disaster service volunteer may be granted a leave from state service, not to exceed 15 working days each year, with 50 percent pay. The leave, if granted by the appointing authority, may not affect the employee's vacation leave, pension, compensatory time, personal vacation days, sick leave, earned overtime accumulation, or cause a loss of seniority. (MN Laws 1994, Chapter 583, Section 1.)

The following item applies to all plans which take part in the Minnesota Post Retirement Investment Fund (MPRIF):

- l. Post Fund required reserve reference revised. Reference to eligible and ineligible required reserves, defined terms, in MPRIF is replaced by a less specific reserve reference. (MN Laws 1994, Chapter 604, Article 1, Section 6.)

The following items apply to all retirement plans with assets invested through the SBI Basic Fund, Post Fund, or Supplemental Fund:

- m. Ownership of alternative investments through commingled trust authorized. Investment in commingled trusts holding assets listed in SBI's alternative investment provision (including resource investments, venture capital, and limited partnerships) are authorized. (MN Laws 1994, Chapter 604, Article 1, Section 7.)
- n. Investment in lower rated or unrated corporate bonds authorized; report required. Five percent of fund assets can be invested in unrated corporate debt or corporate debt rated lower than the top four quality categories, but may not be more the 50 percent of a single offering or 25 percent of an issuer's total debt obligations. During fiscal year 1995, the executive director of SBI must report to the LCPR on any investments in unrated or lower rated securities made under this change. (MN Laws 1994, Chapter 604, Article 1, Sections 8 and 17.)

- o. Mortgage security investment authority revised. Authorization to invest in mortgage participation certificates and pools are eliminated and replaced with the authorization of mortgage securities and asset-backed securities that are rated in the top four quality rating categories. (MN Laws 1994, Chapter 604, Article 1, Section 9.)
- p. Real estate investment trusts (REITS) added to corporate stock authorization. Authorization to invest in real estate investment trust shares, up to 20 percent of the shares of any given trust, is added to the corporate stock authorization provision. (MN Laws 1994, Chapter 604, Article 1, Section 10.)
- q. Limited partnership REIT shares added to alternative investment provision. The alternative investment provision is expanded with the addition of real estate investment trust shares through limited partnership investments or mortgage participation agreements. (MN Laws 1994, Chapter 604, Article 1, Section 11.)
- r. International securities removed from alternative asset limitations. International securities is removed from the types of alternative assets which, in aggregate, can not exceed 35 percent of the assets of the fund. (MN Laws 1994, Chapter 604, Article 1, Section 11.)

The following item applies to police and paid fire relief associations and to PERA consolidation accounts.

- s. Repealer, conflicting supplemental amortization aid provision. Laws 1992, Chapter 437, Section 1 is repealed. Two somewhat similar revisions of the supplemental amortization state aid provision occurred in the same year. The version repealed here appeared as a footnote in statute. (MN Laws 1994, Chapter 465, Article 3, Section 58.)