

S.F. xxx; LCPR06-013
(Skoglund)

H.F. xxx

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Minneapolis Fire Relief Association
Relevant Provisions of Law: Special Law Provision
General Nature of Proposal: Providing a Surviving Spouse Benefit for a Certain Ineligible Surviving Spouse
Date of Summary: January 27, 2006

Specific Proposed Change(s)

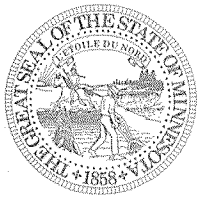
- Permits the surviving spouse of a Minneapolis Fire Relief Association covered firefighter, who did not qualify under MFRA general law for a surviving spouse benefit for due the short duration of marriage prior to the retired firefighter's death, to receive a surviving spouse benefit.

Policy Issues Raised by the Proposed Legislation

1. Equity issue.
2. Legislature being asked to override Mr. Thompson's actions.
3. Erosion of requirements.
4. Plan cost implications; post-retirement implications.
5. Local approval issues.
6. MFRA support.
7. Benefit complications due to prior receipt of a refund.

Potential Amendments

No Commission staff amendments.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director *EB*

RE: Document LCPR06-013; Minneapolis Fire Relief Association; Providing a Surviving Spouse Benefit for a Certain Ineligible Surviving Spouse

DATE: January 26, 2006

Summary of Document LCPR06-013

Document LCPR06-013 would permit the surviving spouse of a Minneapolis Firefighters Relief Association (MFRA)-covered firefighter, who did not qualify under MFRA general law for a surviving spouse benefit due to the short duration of marriage prior to the retired firefighter's death, to receive a surviving spouse benefit. The surviving spouse must repay any death refund previously received with interest before receiving the surviving spouse annuity. Local approval is required.

Background Information on the Minneapolis Fire Relief Association

- a. Nature of the Plan; Benefits. The Minneapolis Fire Relief Association (MFRA) was established in 1868 initially to provide relief to disabled firefighters and their families at a time when the Minneapolis Fire Department was a volunteer fire department. After the department became a paid fire department, the association incorporated under Minnesota law in 1886. The association began paying service pensions to retiring firefighters in 1897.

The association provides the following from its special fund:

- a salary-related service pension to firefighters retiring at age 50 or older;
- a disability benefit to temporarily or permanently disabled firefighters;
- a survivor benefit to the surviving family of deceased active, retired, or disabled firefighters; and
- a return of contributions to the estate of a deceased active, retired, or disabled firefighter on whose behalf no survivor benefit is payable.

Pensions and benefits are based on the salary of a first-grade firefighter, irrespective of the actual rank of the firefighter. The individual accrues a higher pension benefit with each additional year of service up to 25 years of service. After 25 years of service the additional years of employment do not increase the benefit at the time of retirement.

Due to laws passed in 1990, the contributions by any member (eight percent of the pay of a first-grade firefighter) who has 25 or more years of service are not deposited in the special fund. Rather, the contribution is deposited in a health insurance account set up for the member. After retirement, in addition to the pension benefit paid from the association's special fund, the retiree receives distributions from his or her health insurance account, which the retiree can use toward health care costs or other expenses of the retiree.

When an individual retires and begins drawing retirement benefits from the association's special fund, those benefits are increased annually through three different post-retirement increase mechanisms. As a package, these increase provisions are poorly designed and can produce increases which bear no relationship to inflation, and which produce erratic changes in the benefits over time.

1. The first of these provisions is a standard escalator tied to increases in the salary of a first-grade firefighter. This escalator increases retirement benefits by the same percentage increase as the percentage increase in first-grade firefighter pay.
2. A second increase provision is based on the investment performance of the special fund, and is referred to as the 13th check post-retirement adjustment. The 13th check post-retirement adjustment was enacted in 1989.
3. A third post-retirement increase mechanism was added to law in 2000. If the funding ratio of the association exceeds 110 percent, the association is authorized to distribute a portion of the funding in excess of 110 percent of its liabilities to its benefit recipients.

Finally, from the association's general fund, the MFRA provides a lump sum death benefit to the survivors or estate of deceased active or retired firefighters and a lump sum retirement benefit to a retiring firefighter.

- b. Survivor Benefits. The MFRA plan offers two alternative benefit forms that may be used to provide continuing income to a survivor after the death of the firefighter. The first of these is automatic survivor coverage, currently provided under Minnesota Statutes, Section 423C.05, Subdivision 7. Automatic survivor coverage has been a part of this plan for many decades. Currently, that automatic coverage provides a 22-unit survivor benefit (52.4 percent of the benefit received by the retired firefighter immediately prior to the firefighter's death) if the surviving spouse qualifies as a "surviving spouse member." Joint-and-survivor annuity options were added to the plan in 1997, permitting a retiring firefighter to elect a 50 percent, or 75 percent, or 100 percent joint-and-survivor annuity. By electing the joint-and-survivor coverage the firefighter waives the automatic coverage that would otherwise apply.
- c. Surviving Spouse Eligibility, According to Statements in Current Law. Under the definition of "surviving spouse member" (found in Minnesota Statutes, Section 423C.01, Subdivision 25) a surviving spouse member is any spouse married to an active firefighter in death-while-active situations (if death occurs prior to the firefighter terminating from service or retiring). If the ex-firefighter's death occurs after the individual terminates service with the department, the surviving spouse is a "surviving spouse member" if the marriage occurred at least one year prior to termination of service, according to the statement in statute.

The automatic surviving spouse coverage provision in statute also provides a benefit to surviving spouses who do not meet the definition of surviving spouse member, providing that the surviving spouse was legally married to the member and residing with the member for two years prior to the death of the retired firefighter. A surviving spouse in this latter category receives the same benefit as a surviving spouse member (a benefit equivalent to 52.4 percent of the benefit received by the retired firefighter immediately prior to the firefighter's death), except in cases where the surviving spouse on the date of the ex-firefighter's death is younger than the firefighter's age when the firefighter first started to receive the retirement annuity. In these cases, the survivor benefit is downsized slightly to limit the lifetime value of the survivor benefit. The adjustment may be best understood by an example: If a firefighter retired at age 50 and married shortly thereafter, and the ex-firefighter died at age 70 leaving a 45-year-old surviving spouse, the surviving spouse is eligible for a benefit because the marriage occurred more than two years prior to the retiree's death. However, the surviving spouse benefit would be reduced slightly so that the lifetime expected value of the payout would be the same as that payable to a surviving spouse assumed to be age 50.

The individual covered by LCPR06-013 has a pension-related problem because she did not qualify for an MFRA surviving spouse benefit under either surviving spouse definition. Death occurred after the firefighter retired, and the retiree's death occurred barely a year after the date of marriage (the marriage occurred on September 17, 2000, and death occurred on September 26, 2001). She would have had to be married to the firefighter for two years to qualify for a benefit under MFRA law.

A check of recently enacted law indicates that the 2000 Legislature enacted a special law provision to pay a benefit to a surviving spouse who did not meet the eligibility requirements to receive a surviving spouse benefit under MFRA law applicable at that time. The applicable special law, found in Laws 2000, Chapter 461, Article 17, Section 6, did have a local approval clause. That provision provided a survivor benefit to an individual who married an MFRA firefighter after the firefighter retired, and the firefighter died slightly less than five years after the date of the marriage. At that time, the MFRA laws indicated that a surviving spouse benefit could be paid to an individual who did not qualify as a surviving spouse member providing the marriage occurred at least five years prior to the ex-firefighter's death. A more recent statement in the 2001 Supplement specifies that the marriage had to occur at least two years prior to death, but it is unclear what legislation authorized the that change.

Pamela Thompson's Situation, and Prior Legislation Enacted on her Behalf

LCPR06-013 is drafted to assist Pamela Thompson, who married a Minneapolis firefighter, Charles Thompson, on September 17, 2000, just a few days before he retired from the department on September 24, 2000. He died a year later, on September 26, 2001. Due to the short duration of the marriage, this surviving spouse does not qualify for a surviving spouse benefit under applicable Minneapolis Firefighters Relief Association (MFRA) law. MFRA law requires that marriage occurs at least two years before the annuitant's death, and perhaps longer. Therefore, she was not entitled to a surviving spouse annuity from the pension fund. The only benefit to which she would have been eligible is a death refund.

Legislation was introduced in 2003 on behalf of Ms. Thompson, S.F. 499 (Skoglund); H.F. 776 (Davnie). The bills would have provided Ms. Thompson with a surviving spouse benefit despite not meeting the eligibility requirements for that benefit as stated in MFRA statutes. The bill was heard by the Commission on April 2, 2003, but along with most other bills considered by the Commission, was laid over until April 22, 2003, for a vote on whether to include the bill language in the Commission's omnibus pension bill. The MFRA did not testify on the bill, thus neither publicly supporting nor opposing that special law surviving spouse bill. The MFRA did however, testify in support of another MFRA bill on the Commission's agenda, S.F. 1171 (Pogemiller); H.F. 1334 (Smith), which provided increased interest on death refunds. The MFRA death refund bill provided increased interest on death refunds (a refund of member contributions plus interest) by paying interest from the date that the employee contribution was made to the date the refund is made, rather than from the date of death to the date the refund is paid. In discussing the MFRA death refund bill and the MFRA special law surviving spouse bill, the Commission recognized that permitting Ms. Thompson to receive the proposed enhanced death refund provided her with some additional value, and was an alternative to authorizing the requested surviving spouse benefit. At the April 2, 2003, meeting, Senator Don Betzold made a motion to revise the effective date on the enhanced death refund to September 25, 2001, one day before Charles Thompson died, so that Ms. Thompson would be eligible to receive an enhanced death refund. At the April 22, 2003, meeting, the MFRA enhanced death refund bill, with the retroactive effective date to include Ms. Thompson, was recommended for inclusion in the Commission's omnibus bill. The bill to provide a monthly surviving spouse benefit to Ms. Thompson, S.F. 499 (Skoglund); H.F. 776 (Davnie), was not included and did not pass the Legislature. The enhanced death refund language with the retroactive effective date was enacted as Laws 2003, First Special Session, Chapter 12, Article 11, Sections 2 to 4. A copy is attached. The retroactive effective date appears in Section 4, paragraph (c).

Because the Legislature did take specific action to address Ms. Thompson pension problem, Document LCPR06-013 raises pension issues beyond those raised when the 2003 legislation was considered. The Legislature would be again asked to address Ms. Thompson's concern, because the Legislature's prior action was not viewed with full satisfaction by Ms. Thompson. A second concern is that providing a surviving spouse benefit to Ms. Thompson at this time creates multiple benefits. Other MFRA surviving spouses receive a surviving spouse benefit or a refund. Ms. Thompson will receive both unless action is taken to require repayment of the refund.

Pension Policy Issues

Document LCPR06-013 would permit the surviving spouse of an MFRA-covered firefighter, who did not qualify under MFRA general law for a surviving spouse benefit due to the short duration of marriage prior to the retired firefighter's death, to receive a surviving spouse benefit. The surviving spouse must repay any death refund previously received with interest before receiving the surviving spouse annuity. Local approval is required.

Document LCPR06-013 raises the following pension policy issues:

1. Equity Issue. Seeking further legislative consideration in 2006 after the Legislature has already addressed Ms. Thompson's situation through 2003 legislation could be viewed as a violation of equity, and the Commission might decline to hear the bill.
2. Legislature Being Asked to Override Mr. Thompson's Actions. The Commission may wish to consider that the now-deceased firefighter took no action to ensure that survivor coverage was provided. His actions, or rather his lack of actions, suggest that spousal coverage definitely was not a priority. If the firefighter desired to provide that coverage to his spouse, presumably the firefighter and spouse would have married sooner. Information provided in 2003 when a prior bill to assist Ms. Thompson was drafted indicates that the individuals had a close relationship for decades, but did not marry until a month before the firefighter retired. Earlier marriage would have ensured that a surviving spouse benefit was provided if the active or retired firefighter died. The firefighter also had the option to elect joint-and-survivor coverage for his spouse at the time of retirement, rather than relying on the MFRA automatic spousal coverage provisions. Joint-and-survivor coverage may have provided a survivor benefit despite the short length of marriage.
3. Erosion of Requirements. MFRA law reflects a desire to avoid the financial liabilities which could be imposed on the pension fund when marriage occurs shortly before the death of the service pensioner. Until recently, the marriage would have had to occur at least five years prior to the service retiree's death for a survivor to be eligible for a benefit. An exception to the law that normally would apply was made in 2000 for a survivor who was not married for a full five years prior to the retiree's death. The case covered by the current bills would address a situation where the marriage lasted slightly more

than one year prior to death. The Commission may wish to consider whether these cases are sufficiently similar. The Commission may be concerned that granting another exception to MFRA law would lead to further requests by other similarly situated individuals.

4. Plan Cost Implications; Post-Retirement Implications. Paying a survivor benefit would add to plan liabilities. Although there are no specific estimates, the annuity may add a few hundred thousand dollars to MFRA liabilities. That has implications for the state, which provides aid to help cover MFRA liabilities, and for the city which has direct responsibility for funding this plan. Adding another surviving spouse to the surviving spouse roll also has an immediate impact on all current MFRA benefit recipients, although the impact on any given benefit recipient is not significant. The MFRA provides certain post-retirement adjustments that are a distribution of a specified percentage of fund assets. Adding another individual to share in that allocation lessens the amount allocated to the remaining recipients.
5. Local Approval Issues. The issue is whether the city supports this bill and would provide local approval. The Legislature typically does not take action on a matter that is not supported by the applicable city, since the city could, in effect, veto the legislation. Minneapolis in the last few years has taken a strong stance to control the liabilities of all its pension plans, because of the enormous burden that annual required contributions to various Minneapolis public employee plans are placing on the city. At the current time, the city might not be supportive of any bill that adds to MFRA liability. As of the last actuarial valuation, for December 31, 2004, the plan had unfunded liability, with a funding ratio (ratio of assets to liabilities) of 90 percent.
6. MFRA Support. The issue is whether or not the Minneapolis Firefighters Relief Association supports the bill. A handout provided by the relief association suggests they do not support the bill draft.
7. Benefit Complications Due to Prior Receipt of a Refund. Because the individual has already received a refund (more specifically, a refund with an enhanced interest amount due to the retroactive effective date added on Ms. Thompson's behalf to the 2003 legislation previously described), providing a surviving spouse benefit at the current time requires the Legislature to consider what action, if any, to take to recapture the refund amount. The pension statute under which Ms. Thompson received a refund, Minnesota Statutes, Section 423C.08, provides death refunds only if the individual is not entitled to a survivor annuity. Providing a survivor annuity now violates this statute and results in multiple benefits rather than a single form of benefit. The presumed intent of the draft is treat Ms. Thompson in a manner comparable to those surviving spouses who do qualify for a surviving spouse annuity, and not to provide her with multiple benefits. If she is to receive a survivor annuity, presumably the refund should be repaid. The cleanest treatment from a policy prospective is to require full repayment of any refund amount before any surviving spouse annuity is payable. The full repayment amount is the amount previously received (the refund plus interest), plus interest on that total amount from the date the individual received the total refund amount until the MFRA receives repayment. If this amount is large, however, it could cause a hardship on Ms. Thompson by requiring full repayment prior to receipt of any survivor annuity. Allowing repayment over time (possibly through deductions taken from the surviving spouse annuity) exposes the fund to mortality risk. If Ms. Thompson were to die before the refund is fully repaid, the fund absorbs a loss. As drafted, Document LCPR06-013 requires full repayment in a lump sum before the annuity can commence.

ARTICLE 11
MINNEAPOLIS FIREFIGHTERS RELIEF
ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2002, section 423C.03, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION OF OFFICERS AND BOARD MEMBERS.] Notwithstanding any other law to the contrary, the association may provide for payment of the following salaries to its officers and board members:

(1) the executive secretary may receive a salary not exceeding ~~30~~ 50 percent of the maximum salary of a first grade firefighter;

(2) the president may receive a salary not exceeding ten percent of the maximum salary of a first grade firefighter; and

(3) all other elected members of the board may receive a salary not exceeding 2.5 percent of the maximum salary of a first grade firefighter.

Sec. 2. Minnesota Statutes 2002, section 423C.08, is amended to read:

423C.08 [MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH.]

If an active, deferred, or retired member of the association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund. The refund shall be an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compounded rate of five percent from the first day of the month following the date of the contribution to the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

Sec. 3. [INTENT.]

Section 2 is intended to bring the Minneapolis firefighters relief association's statutory provision which provides for a refund of member contributions where the decedent does not leave a surviving spouse or children in conformance with Minnesota Statutes 2002, section 423A.18.

Sec. 4. [EFFECTIVE DATE.]

(a) The board of the Minneapolis firefighters relief association may increase the salary of the executive secretary subject to the applicable maximum set forth in section 1.

(b) Any salary increase under paragraph (a) may be effective on September 1, 2002, or any time thereafter as designated by the relief association board providing that the requirements specified in section 1 are satisfied during the applicable time period.

(c) Section 2 is effective retroactive to September 25, 2001. Section 3 is effective on the day following final enactment.

Subd. 7. **Surviving spouse and dependent pensions.**

Notwithstanding any other law to the contrary, when a service pensioner, disability pensioner, deferred pensioner, or active member of the association dies, recipient beneficiaries are entitled to a pension or pensions, as follows:

(1) to a surviving spouse, a pension of 22 units per month;

(2) a surviving spouse of a deceased service pensioner, disability pensioner, or deferred pensioner who is otherwise not qualified for a pension may receive a benefit if the surviving spouse was legally married to the decedent for a period of two years and was residing with the decedent at the time of death.

The surviving spouse benefit provided in this clause is the same as that provided to those who meet the definition of surviving spouse under section 423C.01, subdivision 25, except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same or greater age than the member's age prior to retirement. A benefit paid in this circumstance may be less than 17 units notwithstanding the minimum set out in this subdivision;

(3) to each dependent, if the dependent's other parent is living, a pension not to exceed eight units per month. Dependents between the ages of 18 and 22 may continue to receive a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance with section 423C.01, subdivision 11;

(4) each dependent of a deceased member after the death of the dependent's other parent, or in the event the other parent predeceases the member, is entitled to receive a pension in the amount the board deems necessary to properly support each dependent until the dependent reaches the age of not less than 16 and not more than 18 years. Dependents between the ages of 18 and 22 may be entitled to continue receiving a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance; and

(5) the total pension payable to a surviving spouse and all dependents of a deceased member shall in no event exceed 42 units per month.

Subd. 25. **Surviving spouse member.** "Surviving spouse member" means a person who was:

(1) legally married to, and residing with, an active, deferred, or retired member both during the time the member was regularly entered on the payroll and serving on active duty in the fire department and at the time of the member's death; and

(2) in the event the person was married to a retired or deferred member, married to that retired or deferred member for at least one year prior to the member's discharge from the fire department.

February 7, 2002

State Sen. Julie A. Sabo
317 State Capitol
75 Constitution Ave.
St. Paul, MN 55155

Dear Senator Sabo,

My name is Pamela A. Thompson. I am requesting your assistance in applying for legislative action for an exemption to rule §423C.05, subd.7. This rule governs my eligibility to receive the surviving spouse pension of my recently deceased husband, Charles R. Thompson (Chuck), from the Minneapolis Firefighters Relief Association.

My Name:	Pamela A. Thompson	My Husband:	Charles R. Thompson
SS #:	[REDACTED]	SS #:	[REDACTED]
Born:	June 13, 1956	Born:	October 3, 1950
Phone:	(612) 724-6996	Died:	September 26, 2001
Address:	3245 20 th Ave. So Minneapolis, MN 55407	Employer:	Minneapolis Fire Department May 17, 1976 to October 3, 2000
Marriage Date:	September 17, 2000		

After Chuck's death, the Minneapolis Firefighters' Relief Association (MFRA) informed me that I was not eligible to receive Chuck's pension. They stated that "the conditions to receive a pension from the MFRA are:

1. A spouse must be married to the deceased member one year prior to the time the deceased member separated from the fire department; or,
2. The marriage must have been in existence for two years prior to the member's death (See Minn. Stat. §423C.05, subd. 7)."

I assume this rule is to avoid unscrupulous individuals from taking advantage of an ill firefighter by marriage, but this is definitely not the case with Chuck and me. I also do not understand why a spouse married one year prior to retirement would be eligible for the pension if the firefighter died on the day of their retirement, so one year of marriage is sufficient. A spouse married less than one year prior to retirement has to fit the second criteria of being married two years prior to the death of the firefighter to be eligible for the pension. I was married to Chuck one year and nine days. A year of marriage is a year of marriage. Is the spouse in the first example a better, more deserving person than the spouse in the second example? Is this fair? It seems discriminating. I believe the spouse of any individual should become eligible for that person's pension upon their marriage (provided they are still married upon death). Expenses are not subject to such regulations upon the death of a spouse.

I started dating my husband in October 1982. In November 1993 we moved in together, sharing expenses. We decided to marry, and were married on September 17, 2000. We were married until my husband's death on September 26, 2001. We were together, in our eyes and hearts, for almost 19 years (18 years, 10 months and 26 days). We shared expenses for almost 8 years (7 years and 11 months).

In today's world, the majority of the states in America recognize common-law marriage; also, in today's world many, many people, including senior citizens, find it acceptable and helpful to live together without marriage. In my case, we always knew we'd be together forever. There was no doubt in our minds. In our hearts we were married, we just didn't have the paperwork.

My husband was a very good person and citizen. He was a Viet Nam veteran who proudly served his country from June 1969 to his honorable discharge in July 1973. Chuck experienced much death and destruction in Viet Nam. He received 3 bronze stars and a special Unit Citation for his bravery and military actions. Chuck became a Minneapolis firefighter on May 17, 1976. It had always been Chuck's goal in

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life to retire by age 50, so he retired from active duty with the fire department on September 24, 2000 (but was paid for accrued vacation until October 3, 2000) with 24 years of service.

On August 8, 2001, Chuck had an appointment at the Veteran's hospital for a Post-Traumatic Stress Disorder interview (due to trauma in Viet Nam, and firefighter trauma situations). At that time, the doctor interviewing Chuck noticed that Chuck appeared ill and referred him to Urgent Care. Two days later he was admitted to the Veteran's Hospital. The doctors felt Chuck was in serious condition, but did not feel there was no hope for recovery. Chuck appeared to be improving, and was transferred to an extended care recovery unit in a nursing home in Roseville on August 29. We were making plans for his discharge to home health care, when he took a turn for the worse, and was admitted to a hospital on September 19th. Chuck remained there until his death on September 26, 2001.

Chuck had been feeling a bit ill a few days before his August 8th appointment at the Veteran's Hospital, but we had no idea he was seriously ill. We had been engaging in normal activities up to that point, i.e. swimming, dancing, etc.

After the events on September 11, Chuck was very concerned for all his fellow New York fire fighters that left behind loved ones. Many of them were perhaps not married for long. Chuck always told me that firefighters take care of firefighters, and of their loved ones. That is why provisions are made for firefighters who die on the job, and why pensions are established.

Without the income of Chuck's pension, I am concerned that I will have to alter my life style to the point of possibly having to sell our modest home. I know this would be upsetting to Chuck, and I don't feel I should have to do this when Chuck worked so hard for a pension to provide for us.

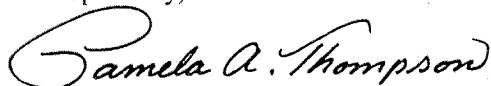
I have petitioned firefighters in the city to support me in my effort to receive Chuck's pension. I received signatures of support from 72 firefighters in 9 of the 19 Minneapolis fire stations. I have not received the petitions from the other 10 stations, but am assuming I would have the same results from them. The signatures are from firefighters of all ranks, including captains. I have also collected signatures from over 100 non-firefighters for a total of over 200 signatures (see enclosed).

There is precedence in making an exception to the MFRA pensions rules. One exception has been made, possibly two. JoAnne M. Preston, wife of Chet Schullo (deceased 1997), started working on an exception in 1998 and was granted the pension in August 2000. Ms. Preston worked with State Representative Jean Wagenius and Senator Jane Ranum. Ms. Preston was 3 months short of the provisions in place at that time.

While I don't believe the MFRA regulations regarding death benefits are fair or equitable, and I do feel they should be reviewed, I am not asking that a change be made at this time. I am simply asking for an exception in my case, due to the fact that we were married for over a year when Chuck died, and to the longevity and commitment of our relationship.

I authorize you to investigate any of the above if needed.

Respectfully,



Pamela A. Thompson

Enclosures

CC Governor Jesse Ventura
State Sen. Jane Ranum

State Rep. Jim Davnie
State Rep. Jean Wagenius



State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY THIRD
SESSION

HOUSE FILE No. 776

March 10, 2003

Authored by Davnie

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy

1 A bill for an act

2 relating to retirement; Minneapolis fire relief
3 association; waiving surviving spouse benefit
4 eligibility requirements for spouse of a certain
5 deceased firefighter.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. [MINNEAPOLIS FIRE RELIEF ASSOCIATION SURVIVOR
8 BENEFIT.]

9 (a) Notwithstanding the eligibility requirements in
10 Minnesota Statutes, section 423C.05, subdivision 7, or other law
11 to the contrary, an eligible individual specified in paragraph
12 (b) is entitled to receive an annuity as specified in paragraph
13 (c).

14 (b) An eligible individual is an individual who:

15 (1) married an active member of the Minneapolis fire relief
16 association on September 17, 2000; and

17 (2) remained married to that firefighter on October 3,
18 2000, when that active member of the relief association
19 terminated service with the fire department and began drawing a
20 service annuity from the Minneapolis fire department relief
21 association, and on September 26, 2001, the date of death of
22 that service pensioner.

23 (c) The eligible individual in paragraph (b) is entitled to
24 a surviving spouse benefit under Minnesota Statutes, section
25 423C.05, subdivision 7, payable to a surviving spouse under

1 clause (2) of that subdivision.

2 (d) The annuity payable under paragraph (c) accrues as of
3 the first day of the first month after the effective date of
4 this section.

5 Sec. 2. [EFFECTIVE DATE.]

6 Section 1 is effective on the day after the date on which
7 the Minneapolis city council and the chief clerical officer of
8 the city complete in a timely manner their compliance with
9 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

1.1 A bill for an act
1.2 relating to retirement; Minneapolis Fire Relief Association; waiving surviving
1.3 spouse benefit eligibility requirements for spouse of a certain deceased firefighter.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **MINNEAPOLIS FIRE RELIEF ASSOCIATION SURVIVOR**
1.6 **BENEFIT.**

1.7 (a) Notwithstanding the eligibility requirements in Minnesota Statutes, section
1.8 423C.05, subdivision 7, or other law to the contrary, an eligible individual specified in
1.9 paragraph (b) is entitled to receive an annuity as specified in paragraph (c).

1.10 (b) An eligible individual is an individual who:

1.11 (1) married an active member of the Minneapolis Fire Relief Association on
1.12 September 17, 2000; and

1.13 (2) remained married to that firefighter on October 3, 2000, when that active member
1.14 of the relief association terminated service with the fire department and began drawing a
1.15 service annuity from the Minneapolis Fire Relief Association, and on September 26, 2001,
1.16 the date of death of that service pensioner.

1.17 (c) The eligible individual in paragraph (b) is entitled to a surviving spouse benefit
1.18 under Minnesota Statutes, section 423C.05, subdivision 7, payable to a surviving spouse
1.19 under clause (2) of that subdivision. The eligible individual shall apply for the benefit
1.20 on a form or forms provided by the executive secretary of the Minneapolis Fire Relief
1.21 Association, and the eligible individual must provide any information requested by the
1.22 executive secretary to verify eligibility under this section.

1.23 (d) The annuity payable under paragraph (c) accrues as of the latter of the first day of
1.24 the first month after the effective date of this section, or if a death refund under Minnesota

2.1 Statutes, section 423C.08, has been received by the eligible individual under paragraph
2.2 (b), the first day of the first month after the death refund is repaid under paragraph (e).

2.3 (e) If an eligible individual under paragraph (b) has received a death refund under
2.4 Minnesota Statutes, section 423C.08, the death refund including any interest included with
2.5 that refund must be repaid to the Minneapolis Fire Relief Association, or the authority
2.6 provided by this section is voided. The repayment amount is the refund amount including
2.7 any interest received payable in a lump sum with 8.5 percent annual interest from the
2.8 date the refund was paid until the date that repayment to the Minneapolis Fire Relief
2.9 Association is made.

2.10 Sec. 2. **EFFECTIVE DATE.**

2.11 Section 1 is effective on the day after the date on which the Minneapolis city council
2.12 and the chief clerical officer of the city complete in a timely manner their compliance with
2.13 Minnesota Statutes, section 645.021, subdivisions 2 and 3.