S.F. 998
(Betzold, by request)

H.F. 1754
(Smith)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s):	State Patrol Retirement Plan
Relevant Provisions of Law:	Minnesota Statutes, Section 352B.02, Subdivisions 1a and 1c
General Nature of Proposal:	Increase in Employee and Employer Contribution Rates
Date of Summary:	January 13, 2006

Specific Proposed Changes

- Increases the employee contribution rate in two steps from 8.4% of pay to 9.8% by July 1, 2006.
- Increases the employer contribution rate in two steps from 12.6% of pay to 14.6% by July 1, 2006.

Policy Issues Raised by the Proposed Legislation

1. Contribution increase/increase amount.
2. Phase-in issues.
3. Cost/additional amortization aid issues.
4. Position of employee groups.

Potential Amendments

Amendment LCPR05-127 implements only the first increase, but not the one that would occur a year later, to be effective on a date to be set.

Amendment LCPR05-128 includes total increase proposed by the bill, but with no phase-in, effective on a date to be set. Either LCPR05-127 or LCPR05-128 could be further modified by verbal amendment to revise the level of the new contribution rates.

Amendment LCPR05-129, an alternative to LCPR05-127 or LCPR05-128, keeps the bill's phase-in period and new rates, but delays them one year, with the first increase occurring on July 1, 2006, rather than 2005, and the final increase occurring on July 1, 2007.

TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director EB

RE: S.F. 998 (Betzold, by request); H.F. 1754 (Smith): State Patrol Retirement Plan; Employee and Employer Contribution Rate Increases

DATE: January 13, 2006

Summary of S.F. 998 (Betzold, by request); H.F. 1754 (Smith)

S.F. 998 (Betzold, by request); H.F. 1754 (Smith), which was introduced last year, increases the State Patrol Retirement Plan employee contribution rate from 8.4 percent to 9.1 percent on July 1, 2005, and to 9.8 percent on July 1, 2006. The employer contribution rate is increased from 12.6 percent of salary to 13.6 percent on July 1, 2005, and to 14.6 percent of salary on July 1, 2006. The sum of the employee and employer contribution increases is 3.4 percent of salary.

Background Information on State Patrol Retirement Plan

The State Patrol Retirement Plan was established in 1943, (Laws 1943, Chapter 637) and initially provided retirement coverage solely for state highway patrol troopers. Currently, the State Patrol Retirement Plan provides retirement coverage for four distinct groups of law enforcement officers, the State Patrol Division of the Department of Public Safety, the Bureau of Criminal Apprehension of the Department of Public Safety, the Enforcement (Game Wardens) Division of the Department of Natural Resources, and the Gambling Enforcement Division of the Department of Public Safety.

A separate retirement plan had been established for game wardens (the Game Wardens Retirement Plan) in 1955. In 1961, the State Police Retirement Plan was established for Bureau of Criminal Apprehension agents and officers and, when it was created, it absorbed the Game Wardens Retirement Plan. In 1969, the State Police Retirement Plan was in turn merged into the State Patrol Retirement Plan. In 1990, law enforcement officers in the Gambling Enforcement Division of the Department of Public Safety were added to the State Patrol Retirement Plan. With the exception of a small number of data processing personnel in the Bureau of Criminal Apprehension who were grandparented into the plan in 1987-1988, all members of the State Patrol Retirement Plan are peace officers licensed by the Peace Officers Standards and Training Board.

As a public safety pension plan, the State Patrol Retirement Plan pays larger retirement annuities, disability benefits, and survivor benefits than a general employee retirement plan and has an earlier normal retirement age for the retirement annuity. Because of these benefit plan differences, the plan has a greater actuarial cost and greater member and employer contributions than a general employee retirement plan. As law enforcement officers, members of the State Patrol Retirement Plan are not covered by Social Security under both state and federal law for their state law enforcement employment.

The retirement benefit provided for a member retiring at the plan's normal retirement age, age 55, is three percent of the high-five average salary for each year of service. A member who is age 55 or older with 30 years of service and has a high-five average salary of $75,000 will receive an annuity of $67,500. Members can retire as early as age 50 with only a slight reduction due to early retirement. The reduction is 1/10 of a percent for each month (1.2 percent per year) that the individual is under age 55. These early retirement annuities are subsidized. For disability determinations, the plan uses an occupational definition of disability, an inability to perform the specific job, rather than the more stringent definition used by general employee plans, which require an inability to perform any gainful employment. The disability benefit is generous. If the disability is duty-related, the benefit is computed just like a service pension except there is no reduction due to early receipt. The minimum service-related disability benefit is equivalent to a 20-year service pension. Non-duty-related disability benefits are computed the same way, except that the minimum benefit is equivalent to a 15-year pension, and the individual must have at least one year of service credit to be eligible.

The policy reason for having a more lucrative benefit program for public safety employee retirement plans is that public safety employment (police officer or firefighter service) is particularly hazardous, that it requires the maintenance of a particularly vigorous and robust workforce to meet the strenuous requirements of the employment position, and that the normally expected working career of a public safety employee will be significantly curtailed as a consequence of the hazards and strenuous requirements of that type of employment when compared to a general public employee.

Public employee pension plans are intended to assist the governmental personnel system by encouraging the recruitment of qualified and motivated new employees, the retention of able and valued existing employees, and the orderly and predictable out-transitioning of employees at the expected end or normal conclusion of their working career. For public safety employees, public safety employee retirement plans provide more lucrative benefits to assist in the recruitment and retention of new and existing personnel, but most clearly emphasize the out-transitioning function.

Background Information on the State Patrol Retirement Plan Funding Condition

S.F. 998 (Betzold, by request); H.F. 1754 (Smith) would increase the employee and employer contribution rates over a few years to generate contributions of another 3.4 percent of salary to the retirement fund. The need for any increase is not apparent from the summarized actuarial report information attached to this memo, which summarizes results from 1991 through 2004. If anything, these results could be used to support an argument for a contribution decrease. Regarding funding ratios, this fund was well funded by 1991, with an 89.3 percent funding ratio. It reached full funding in 1995, and has been more than fully funded ever since. The highest funding ratio occurred in 1999, when the funding ratio was 116 percent. The 2004 funding ratio is 109 percent, despite the impact of the same bad investment markets during the early 2000s as other pension funds. Reviewing the adequacy of contributions since 1991, we note that the fund has a contribution sufficiency in every year. The highest sufficiency was 7.79 percent of pay in 1999. The most recent sufficiency was 2.85 percent of payroll.

The normal cost for this plan is high, since this is a public safety plan. The normal cost has displayed a fairly steady upward trend since 1991, with a normal cost of 19.02 percent in that year, increasing to 23.0 percent by 2004. Improved retirement benefits and accompanying changes in disability benefits, which are computed the same as the retirement benefits but with a minimum floor, contributed to that increase in normal cost, along with some impact due to actuarial assumption changes. The following notes some of the years where significant changes in plan benefits or assumptions occurred.

- In 1993, a cap which prohibited any service credit accrual after age 60 was removed from law, in an effort to avoid age discrimination concerns. The change had almost no discernable impact on normal cost.

- In 1995, a noticeable increase in normal cost occurred, increasing from 20.08 percent a year earlier to 21.21 percent. A cause of this change was an increase in the accrual rate used to compute the retirement benefits, from 2.5 percent of the high-five per year of service, to 2.65 percent. Corresponding increases were made in the disability benefit provisions. The employee contribution rate was increased to help cover the added cost.

- In 1997, several changes occurred in the plan. The accrual rate was increased again, from 2.65 percent to 3.0 percent. This noticeably increased benefits at the time of retirement, but a corresponding change in the operations of the State Board of Investment (SBI) Post Fund reduced expected post-retirement adjustments by one percent per year. Disability benefits were revised to correspond to the changes in the retirement annuity accrual rate. Subsidized early retirement benefits were created. Previously, individuals retiring early had to take an actuarial reduction. An actuarial reduction requires that benefits must be reduced so that they have the same lifetime value as if the individual had delayed receipt until normal retirement age. This was revised to require a reduction of only .2 percent per month for each month prior to normal retirement age, which is considerably less than an actuarial reduction. Given these changes, the normal cost increased from 21.33 in 1996 to 21.91 percent in 1997. Another change occurring in 1997 is that negative amortization was authorized for this plan, creating a negative 6.39 percent amortization factor, considerably reducing the total contribution requirements. The employee and employer contribution rates were reduced considerably. The contribution sufficiency was 5.33 percent of payroll, but this was the first year in which the total contributions, 21 percent of pay, were less than the normal cost plus expenses, which were 22.06 percent of pay.

- In 1999, the early retirement benefit was further subsidized, requiring only a .1 percent per month reduction, rather than .2 percent, for each month younger than age 55 at the time of retirement. The impact in normal cost seems negligible, from 22.5 percent in 1998 to 22.62 percent in 1998.

- In 2000 numerous changes occurred, although they seem to have had little impact on normal cost. Revisions were adopted in the male and female pre-retirement and post-retirement mortality tables, the male and female post-disability mortality table, retirement age, and separation (termination) assumptions. Statutory revisions included a revision in select-and-ultimate salary increase assumptions. The Legislature also revised the way the actuarial value of assets is computed, moving to a system based on market value and weighted past deviations between the expected value of assets assuming 8.5 percent investment returns, and the actual value of assets given the investment return that actually occurred. Another newly enacted provision extended the amortization date from 2020 to 2030.

Police State Aid and Excess Police State Aid

Employers contributing to the State Patrol Retirement Plan receive state police aid to finance the employer contribution to the fund. Any increase in employer contribution rates to this fund will reduce excess police state aid and impact the additional amortization aid program that is financed by excess police state aid.

Police state aid is generated by a two percent tax on automobile insurance premiums. All or nearly all public employers who employ police officers share in receiving police state aid, which is allocated on a per officer basis. The employers who make employer contributions to the State Patrol Retirement Plan share in this aid. Under law, any aid amount in excess of the employer's prior year employer contribution requirement to the public safety plan is declared to be excess police state aid. In 2003, the automobile insurance tax generated $64.3 million in revenue, which amounted to $7,497 per officer. In most cases, this is more than is needed to cover the employer contribution to the public safety plan. Of the $64.3 million in police aid, $14.2 million was in excess of amounts needed and was declared to be excess police state aid.

The excess police state aid is held in a holding account in the state's general fund. From the amount allocated to the holding account, $900,000 is allocated annually to fund the ambulance service personnel longevity award and incentive program, and if a police officer stress reduction program is created by law, the appropriation for that program is to be deducted from the excess police state aid holding account. Of what remains, half is used to fund the additional amortization aid program under Section 423A.02, and the remainder cancels to the general fund.

Additional Amortization Aid Program

The additional amortization aid program provides additional funding to local police or paid fire relief associations with unfunded liabilities, including those that consolidated into PERA-P&F and had unfunded liabilities to retire at the time that these consolidation accounts were merged into PERA-P&F. Of the program's funding, 64.5 percent is allocated to ex-PERA-P&F consolidation accounts which had unfunded liabilities. Another 34.2 percent of the funding goes to the Minneapolis Police Relief Association, and a final 1.3 percent of the funding goes to the city of Virginia, to assist in covering unfunded obligations in its Virginia Fire Department Relief Association trust account.

When the Minneapolis Police Relief Association or the Virginia Fire Department Relief Association reaches full funding, the amount that had been allocated for that local relief association will be reallocated, with 49 percent of that reallocation going to the Minneapolis Teachers Retirement Fund Association (MTRFA), 21 percent to the St. Paul Teachers Retirement Fund Association (SPTRFA), and 30 percent as additional funding to support the minimum fire state aid program.

Current Situation of State Patrol Retirement Plan, Based on Actuarial Reports

A review of past actuarial reports and the current 2005 actuarial report indicates that at the present time the total contributions are a few percent less than normal cost plus expenses, but the shortfall is more than covered by negative amortization of surplus assets, creating a 1.16 percent contribution sufficiency. If all existing actuarial assumptions were to hold in the future, including the assumed annual 8.5 percent investment return, the excess assets would slowly be reduced due to the negative amortization, and at some point, perhaps several years the future, the negative amortization factor would no longer be adequate to cover the difference between the contributions and the normal cost plus expenses. At that point, the fund would begin to run contribution deficiencies, although the fund may be more than fully funded when this occurred.

In a realistic setting but with unchanged actuarial assumptions, the outcome is less certain. Plan experience will depart from the assumptions, and investment markets are rarely average, tending to go through periods of above-average returns followed by periods of below-average returns. A period of strong investment markets could increase funding ratios and the amount of negative amortization, sustaining the contribution sufficiencies. Weak investment markets would have the opposite effect, harming the State Patrol funding ratio, reducing or eliminating the negative amortization, and creating deficiencies in contribution requirements.

Recent Experience Study Results

Mercer Human Resources Consulting, the Minnesota State Retirement System (MSRS) actuary, completed a State Patrol Retirement Plan experience study in 2004 covering the period 1998-2003. The results of that experience study led to recommendations for revising demographic actuarial assumptions which the Commission recently approved, although the approval was too late for the revised assumptions to be used in the July 1, 2005, actuarial valuation for the plan. The approved assumption changes will assume less turnover (withdrawal), revised retirement patterns, and longer life expectancies. A copy of the assumptions that were approved is attached.

Impact on Plan of the Actuarial Assumption Changes, Based on the 2002 Actuarial Valuation

Table 1 below is information provided by Mercer and MSRS demonstrating the impact of the proposed changes on July 1, 2002, actuarial results. The mortality change has by far the largest impact, adding 5.5 percent of pay to the contribution requirements. The total impact from all of the assumption changes combined is to increase contribution requirements by 6.5 percent of pay, which would have increased the total required contributions in 2002 from 14.3 percent of pay to 20.8 percent of pay. While results will not hold exactly if the same analysis were performed on a more recent valuation, the study does indicate that a significant increase in required contributions has occurred.

Table 1
Impact of Assumption Changes as of July 1, 2002
State Patrol Retirement Plan

	Before Assumption Changes	Impact of Assumption Changes: Mortality	Withdrawal	Retirement	Total	After Assumption Changes
Normal Cost	22.6%	1.1%	0.1%	0.5%	1.7%	24.3%
Supplemental Contribution	-8.5%	4.4%	0.0%	0.4%	4.8%	-3.7%
Expense Allowance	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
Total Required Contribution	14.3%	5.5%	0.1%	0.9%	6.5%	20.8%
Statutory Contributions	21.0%					21.0%
Sufficiency/(Deficiency)	6.7%					0.2%

Current Actuarial Valuation Results, July 1, 2005, Actuarial Valuation

The July 1, 2005, actuarial valuation results are summarized in the following table. However, those results do not include the impact of the State Patrol Retirement Plan actuarial assumption changes that the Commission recently approved. Hopefully, MSRS and its actuary can provide an update to reflect that impact.

	2005	
Membership		
Active Members		831
Service Retirees		612
Disabilitants		35
Survivors		172
Deferred Retirees		34
Nonvested Former Members		9
Total Membership		1,693
Funded Status		
Accrued Liability		$566,763,689
Current Assets		$601,220,181
Unfunded Accrued Liability		($34,456,492)
Funding Ratio	106.08%	
Financing Requirements		
Covered Payroll		$55,142,064
Benefits Payable		$36,956,287
Normal Cost	23.03%	$12,698,808
Administrative Expenses	0.17%	$93,742
Normal Cost & Expense	23.20%	$12,792,550
Normal Cost & Expense	23.20%	$12,792,550
Amortization	(3.36%)	($1,852,773)
Total Requirements	19.84%	$10,939,777
Employee Contributions	8.40%	$4,631,933
Employer Contributions	12.60%	$6,947,900
Employer Add'l Cont.	0.00%	$0
Direct State Funding	0.00%	$0
Other Govt. Funding	0.00%	$0
Administrative Assessment	0.00%	$0
Total Contributions	21.00%	$11,579,833
Total Requirements	19.84%	$10,939,777
Total Contributions	21.00%	$11,579,833
Deficiency (Surplus)	(1.16%)	($640,056)

Discussion

S.F. 998 (Betzold, by request); H.F. 1754 (Smith) would increase the employee contribution rate from 8.4 percent to 9.1 percent on July 1, 2005, and to 9.8 percent on July 1, 2006. The employer contribution rate is increased from 12.6 percent of salary to 13.6 percent on July 1, 2005, and to 14.6 percent of salary on July 1, 2006. The sum of the employee and employer contribution increases is 3.4 percent of salary.

The bill raises various policy issues, as follows:

1. Accuracy of Proposed Contribution Increase Amount. The issue is what increase is the proper increase amount. The information provided by the MSRS actuary, which was presented in Table 1, indicates that in the 2002 valuation, a slight sufficiency would remain after adopting the new assumptions, lessening the need for an increase in contributions. The result could be different if the actuary had demonstrated the impact on the most recent valuation. MSRS is requesting increased contributions of 3.4 percent of payroll. The Commission may wish to have MSRS demonstrate why it believes a 3.4 percent increase is the proper increase amount.

2. Phase-In Issues. The issue is the phase-in of increases over a multi-year period, with the first increase scheduled to occur on July 1, 2005, and the second to occur on July 1, 2006. When the bill was introduced in 2005, a July 1, 2005, date for the first increase was possible, but that date has now passed. The Commission may wish to reset the dates that the increases are to be started, possibly not use a phase-in period, and possibly adjust the total amount of the proposed increase. Implementing the full increase decided upon by the Commission in a single step rather than in steps will decrease the necessary contributions marginally while a phase-in period will increase the total cost marginally.

3. Cost/Additional Amortization Aid Issues. The issue is the added employer contributions required under this bill. The additional employer contribution would be $0.6 million in 2005 and $1.1 million in 2006. Thereafter, the $1.1 million amount for 2006 will increase over time by the rate of increase in covered payroll. Since most or possibly all of the employer contribution increase will be funded out of state police aid, this will reduce the amount of excess police state aid, which will impact the state general fund since a considerable portion of excess police state aid cancels to the state general fund, and will impact the additional amortization aid program which is funded out of a portion of the remainder. This in turn will have implications for various ex-consolidation accounts (Anoka Police, Columbia Heights Police, Crookston Fire, Crookston Police, Duluth Fire, Duluth Police, Faribault Fire, Faribault Police, Hibbing Police, Hibbing Fire, Mankato Fire, St. Cloud Fire, St. Paul Fire, South St. Paul Fire, South St. Paul Police, Winona Fire, and Winona Police), and for Minneapolis Police, Virginia Fire, the MTRFA, SPTRFA, and numerous communities that receive minimum fire state aid.

   If there are some members of this State Patrol Retirement Plan who are not sworn officers and are not included in police state aid, any increase will impact the budget of the employer.

4. Position of Employee Groups. The Commission may wish to have testimony from State Patrol officers or others covered by the plan to hear their concerns and to determine the level of their support for this bill.

5. Uniformity Issues. The bill could add to uniformity problems. Plans are truly uniform when similar employees have the same benefit provisions and pay the same percentage of pay for that pension plan coverage. The State Patrol Retirement Plan and the PERA-P&F Plan provide comparable benefits, but contribution rates between these plans are not uniform. In the longer term, the Commission may wish to consider other options, such as merging comparable plans to create a system where similar individuals are paying the same percentage of pay for their pension coverage.

Potential Amendments for Commission Consideration

Amendment LCPR05-127 could be used if the Commission decided that only the first increase should be permitted, but not the later one that would occur a year later, to be effective on a date to be set.

Amendment LCPR05-128 includes the total increase proposed by the bill, but with no phase-in, effective on a date to be set. Either LCPR05-127 or LCPR05-128 could be further modified by verbal amendment to revise the level of the new contribution rates.

Amendment LCPR05-129, an alternative to either of the above two amendments, keeps the phase-in period and new rates as stated in the bill, but moves them back one year with the first increase occurring on July 1, 2006, rather than 2005, and the final increase occurring on July 1, 2007, instead of in 2006.

Attachment I: Recently Approved State Patrol Retirement Plan Actuarial Assumptions

Table A
Turnover (Separation) Assumptions – Current Rates
State Patrol Retirement Plan

Age	Prior Assumption Per 10,000 Occurrences Male	Prior Assumption Per 10,000 Occurrences Female	Revised Assumption Percentages	Prior Assumption* Per 10,000 Occurrences Male	Prior Assumption* Per 10,000 Occurrences Female	Revised Assumption* Percentages
20	220	220	2.2%	147	147	1.47%
21	210	210	2.1%	140	140	1.40%
22	200	200	2.0%	133	133	1.33%
23	190	190	1.9%	127	127	1.27%
24	180	180	1.8%	120	120	1.20%
25	170	170	1.7%	113	113	1.13%
26	160	160	1.6%	107	107	1.07%
27	150	150	1.5%	100	100	1.00%
28	140	140	1.4%	93	93	.93%
29	130	130	1.3%	87	87	.87%
30	120	120	1.2%	80	80	.80%
31	110	110	1.1%	73	73	.73%
32	100	100	1.0%	67	67	.67%
33	90	90	.9%	60	60	.60%
34	80	80	.8%	53	53	.53%
35	70	70	.7%	47	47	.47%
36	60	60	.6%	40	40	.4%
37	60	60	.6%	40	40	.4%
38	60	60	.6%	40	40	.4%
39	60	60	.6%	40	40	.4%
40	60	60	.6%	40	40	.4%
41	60	60	.6%	40	40	.4%
42	60	60	.6%	40	40	.4%
43	60	60	.6%	40	40	.4%
44	60	60	.6%	40	40	.4%
45	60	60	.6%	40	40	.4%
46	60	60	.6%	40	40	.4%
47	60	60	.6%	40	40	.4%
48	60	60	.6%	40	40	.4%
49	30	30	.3%	20	20	.2%
50+	0	0	0	0	0	0

* *Age-related rates apply after the three-year select period. During the first three years of employment, the rate is 2.50 per 10,000 occurrences or 2.5 percent.*

Table B
Retirement Age Assumptions – Current Rates
State Patrol Retirement Plan

Age	Prior Assumption Per 10,000 Occurrences Male	Prior Assumption Per 10,000 Occurrences Female	Prior Assumption Percentages	Current Assumption Per 10,000 Occurrences Male	Current Assumption Per 10,000 Occurrences Female	Current Assumption Percentages
50	200	200	2.0%	700	700	7.0%
51	200	200	2.0%	700	700	7.0%
52	200	200	2.0%	700	700	7.0%
53	200	200	2.0%	700	700	7.0%
54	2,000	2,000	20.0%	700	700	7.0%
55	6,000	6,000	60.0%	6,000	6,000	60.0%
56	2,000	2,000	20.0%	4,000	4,000	40.0%
57	2,000	2,000	20.0%	2,000	2,000	20.0%
58	2,000	2,000	20.0%	2,000	2,000	20.0%
59	2,000	2,000	20.0%	2,000	2,000	20.0%
60	2,000	2,000	20.0%	10,000	10,000	100.0%
61	2,000	2,000	20.0%	0	0	0
62	5,000	5,000	50.0%	0	0	0
63	5,000	5,000	50.0%	0	0	0
64	5,000	5,000	50.0%	0	0	0
65	10,000	10,000	100.0%	0	0	0
66	0	0	0	0	0	0
67	0	0	0	0	0	0
68	0	0	0	0	0	0
69	0	0	0	0	0	0
70	0	0	0	0	0	0

Attachment I: Recently Approved State Patrol Retirement Plan Actuarial Assumptions

Table C
Mortality Assumptions - Current Tables
State Patrol Retirement Plan

		Prior Assumption		Current Assumption
Pre-Retirement	Male:	1983 Group Annuity Mortality set back 1 year	Male:	1983 Group Annuity Mortality set back 5 years
	Female:	1983 Group Annuity Mortality	Female:	1983 Group Annuity Mortality set back 2 years
Post-Retirement	Male:	1983 Group Annuity Mortality set forward 2 years	Male:	1983 Group Annuity Mortality set back 2 years
	Female:	1983 Group Annuity Mortality set forward 2 years	Female:	1983 Group Annuity Mortality set back 1 year

.... moves to amend S.F. No. 998; H.F. No. 1754, as follows:

Page 1, line 10, delete "a" and insert "9.1"

Page 1, line 11, delete "Beginning July"

Page 1, delete lines 12 to 15

Page 1, line 19, delete "a" and insert "13.6"

Page 1, delete lines 22 to 24

Page 1, line 25, delete everything before "Department"

Page 2, line 4, delete "2005" and insert "...."

.... moves to amend S.F. No. 998; H.F. No. 1754, as follows:

Page 1, line 10, delete "a" and insert "9.8"

Page 1, line 11, delete "Beginning July"

Page 1, delete lines 12 to 15

Page 1, line 19, delete "a" and insert "14.6"

Page 1, delete lines 22 to 24

Page 1, line 25, delete everything before "Department"

Page 2, line 4, delete "2005" and insert "...."

.... moves to amend S.F. No. 998; H.F. No. 1754, as follows:

Page 1, lines 12 and 22, delete "2005" and insert "2006" and delete the second "2006" and insert "2007"

Page 1, line 13, delete "2006" and insert "2007"

Page 1, line 14, delete "ongoing"

Page 1, line 24, delete "2006" and insert "2007" and delete "ongoing"

Page 2, line 4, delete "2005" and insert "2006"

Senator Betzold, by request, introduced--

S.F. No. 998: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to retirement; increasing contribution rates for the State Patrol retirement fund; amending Minnesota Statutes 2004, section 352B.02, subdivisions 1a, 1c.

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

Section 1. Minnesota Statutes 2004, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTIONS.] Each member shall pay a sum equal to ~~8.40~~ a percent of the member's salary, which shall constitute the member contribution to the fund. Beginning July 1, 2005, through June 30, 2006, each member contribution shall be equal to 9.1 percent of salary. Beginning July 1, 2006, the ongoing member contribution amount shall be equal to 9.8 percent of salary.

Sec. 2. Minnesota Statutes 2004, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. [EMPLOYER CONTRIBUTIONS.] In addition to member contributions, department heads shall pay a sum equal to ~~12.60~~ a percent of the salary upon which deductions were made, which shall constitute the employer contribution to the fund. Beginning July 1, 2005, through June 30, 2006, the employer contribution shall be equal to 13.6 percent of salary. Beginning July 1, 2006, the ongoing employer contribution amount shall be equal to 14.6 percent of salary. Department contributions must be paid out of money appropriated to departments for this purpose.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 2005.