



TO: Senator Lawrence J. Pogemiller  
 FROM: Lawrence A. Martin, Executive Director  
 RE: Requested Floor Amendment to S.F. 2239 (Pogemiller)  
 DATE: March 30, 2006

Introduction

This memorandum and the attached amendment are in response to your request of March 30, 2006. You requested an amendment containing various items recently recommended by the Legislative Commission on Pensions and Retirement. On Friday, March 24, 2006, the Legislative Commission on Pensions and Retirement met to consider some additional pension legislation and approved several items as additions to the 2006 Omnibus Retirement Bill I, H.F. 2362 (Smith) and S.F. 2239 (Pogemiller).

Amendment S2239-19A

Amendment S2239-19A adds a number of the retirement changes approved by the Legislative Commission on Pensions and Retirement on March 24, 2006, to S.F. 2239 (Pogemiller).

The changes included in Amendment S2239-19A are as follows:

1. Clarification/Correction on Department of Corrections Review Committee Selection and Appeals Committee Composition. In the initial language recommended by the Legislative Commission on Pensions and Retirement, the special internal process for the Department of Corrections to handle requests for transfers to retirement coverage by the Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional) did not reflect departmental intent and is corrected to accord with departmental intent.  
 Amendment Page 1, lines 3 through 6
  
2. Alternative Retirement Coverage For City Managers Through PERA-Defined Contribution Authorized. The provision of the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) law that permits city managers to opt out of PERA-General coverage in favor of deferred compensation plan coverage (typically the International City Management Association (ICMA) retirement plan), funded from the PERA-General equivalent member and employer contributions, is modified by permitting the city managers to alternatively deposit those contribution amounts in the Public Employees Defined Contribution Plan. The amendment additionally clarifies that cities can still make a \$2,000 matching contribution to the State Deferred Compensation Plan under the general retirement savings authority under Minnesota Statutes, Section 356.24.  
 Amendment Page 1, lines 7 through 29;  
         Page 2, lines 1 through 9 and 21 through 26; and  
         Page 3, lines 18 through 21 and 24 and 25
  
3. Alternative Retirement Coverage For Volunteer Firefighters Through PERA-Defined Contribution Authorized. Cities and independent nonprofit firefighting corporations are prohibited from making contributions to the State Deferred Compensation Plan in lieu of covering volunteer firefighters who are without Public Employees Police and Fire Plan (PERA-P&F) coverage or volunteer firefighter relief association coverage with Social Security coverage and these firefighters are permitted to have retirement coverage by the Public Employees Defined Contribution Plan, with a contribution of at least 7.5 percent of compensation paid by the firefighter unless the city or corporation ratifies the firefighter retirement coverage, whereupon the city or corporation and the firefighter in combination would make a total contribution of at least 7.5 percent of compensation.  
 Amendment Page 1, lines 30 through 34;  
         Page 2, lines 10 through 20 and 27 through 35;  
         Page 4, lines 24 through 27; and  
         Page 6, lines 14 through 25

4. Revision of the Generally Applicable Wrongful Discharge Provision Relating To Annuity Repayment and Disability Benefit Eligibility. The wrongful discharge provision applicable to most of the larger defined benefit plans, Minnesota Statutes, Section 356.50, is revised by adding subdivisions specifying annuity repayment procedures and disability treatment following reinstatement. The new subdivisions provide that if the individual started to receive an annuity from a plan and the individual is later reinstated following a determination of wrongful discharge, the individual may repay annuity payments received within 60 days of the wrongful discharge determination. If the annuity amounts are not repaid, the returning worker will be treated for retirement plan purposes as a reemployed annuitant. If an individual who is reinstated took a refund following the termination, and does not repay that refund, then if the individual later is awarded a disability benefit, the benefit will be computed solely based on the service following the initial reinstatement, and the individual forfeits eligibility for a higher minimum disability benefit that might otherwise apply under plan law.

Amendment Page 5, lines 30 through 35; and  
Page 6, lines 1 through 13

5. Additional State-Reimbursed Supplemental Lump Sum Benefit For Volunteer Fire Relief Association Death Benefits. Minnesota Statutes, Section 424A.10, the mandated lump sum volunteer firefighter supplemental benefit of ten percent of the benefit amount, not to exceed \$1,000, reimbursed by the State, is amended by allowing volunteer firefighter relief associations to pay an enhanced supplemental benefit to the survivor of a deceased volunteer firefighter of 20 percent of the survivor benefit, not to exceed \$2,000, also to be reimbursed by the State.

Amendment Page 6, lines 28 through 35;  
Page 7, lines 1 through 35; and  
Page 8, lines 1 through 17

6. Relaxation of the Randy Kelly Prior Service Credit Purchase Payment Requirement. The requirement that Randy Kelly, the City of St. Paul, or both, pay the liability increase in the Legislators Retirement Plan by virtue of his General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) service credit is eliminated.

Amendment Page 8, lines 18 through 21

7. Purchase of Uncredited Eveleth Police Service By Inver Grove Heights Police Officer in PERA-P&F. A current Inver Grove Heights police lieutenant is permitted to receive service credit in the Public Employees Police and Fire Retirement Plan (PERA-P&F) for police service provided to the City of Eveleth for a 14 month period prior to the merger of the Eveleth Police Relief Association into PERA-P&F in 1978. To obtain this service credit, the individual would be required to pay an equivalent to the member contribution for the Eveleth employment, plus interest, and the City of Eveleth must pay the balance of the full actuarial value of the benefit obtained by the service credit purchase. The purchase is not authorized if the individual took a refund of employee contributions under Laws 1977, Chapter 61, failed to take action under that chapter to obtain service credit in a timely fashion, and if the service credit to be purchased was for a period of time that was properly excluded from coverage under law or city ordinance.

Amendment Page 8, lines 22 through 34; and  
Page 9, lines 1 through 32

8. Purchase of Service Credit For Uncredited Leave of Absence Period From TRA. A teacher employed by Independent School District No. 831, Forest Lake, who was on an extended leave during the 2001-2002 school year for which the school district failed to notify TRA of the leave, is authorized to receive service credit for the leave period by paying the contributions that should have been paid, plus interest, and requiring the school district to pay the remainder of the full actuarial value. The eligible employee's payment must be made in a lump sum by July 1, 2007, or before termination of service, whichever is earlier.

Amendment Page 9, lines 33 and 34; and  
Page 10, lines 1 through 33

9. Special Early Retirement Incentive Program. A special temporary early retirement incentive program is established in the form of a \$17,000 lump sum payment to State executive branch employees, legislative branch employees, Minnesota State Colleges and Universities System (MnSCU) employees, State Board of Public Defense employees, and school district employees who are eligible to retire, are employed in an employing unit that is facing layoffs due to budget shortfalls or a reorganization, and are included in the incentive offer by the employer. The lump sum payment can be deposited in the

Retiree Health Savings Account operated by the Minnesota State Retirement System (MSRS), used to purchase additional service credit sufficient to qualify for the “Rule of 90”, or used to purchase a separate additional annuity from the Unclassified Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified).

Amendment Page 10, lines 34 through 36;  
Page 11, lines 1 through 36; and  
Page 12, lines 1 through 11