



TO: Senate Members of the Legislative Commission on Pensions and Retirement  
FROM: Edward Burek, Deputy Director *EB*  
RE: Summary of S.F. 2720 (Betzold), the Second Engrossment, the 2008 Senate Omnibus Retirement Bill as Recommended by the Senate Finance Committee  
DATE: May 12, 2008

Introduction

A general summary of the Senate Omnibus Retirement Bill, S.F. 2720 (Betzold), the second engrossment, as recommended by the Senate Finance Committee on May 8, 2008, appears below, followed by a section-by-section summary.

Source Legislation for the 2008 Omnibus Retirement Bill

The Senate Omnibus Retirement Bill, S.F. 2720 (Betzold), the second engrossment, is derived from the following retirement bills and amendments:

1. H.F. 228 (Paymar); S.F. 266 (Cohen): PERA; Service credit purchase, St. Paul school board member.
2. H.F. 1953 (Kahn); S.F. 2154 (Olson, M.): IRAP/TRA; Transfer of membership by certain MnSCU faculty members.
3. H.F. 2170 (Kahn); S.F. 2153 (Olson, M.): MnSCU-IRAP and supplemental plan; Unclaimed account procedures.
4. H.F. 2194 (Kahn); S.F. 2006 (Pappas); Various plans; Reemployed annuitant earnings limits; actuarial services; state aid.
5. H.F. 2451 (Nelson); S.F. 2266 (Wergin): Minnesota public pension plans; Mandating joint-and-survivor annuity unless waived by spouse.
6. H.F. 2589 (Hamilton); S.F. 2501 (Vickerman): PERA Privatization; Worthington Regional Hospital.
7. H.F. 2762 (Wardlow); S.F. xxxx: TRA; Service credit purchase for prior Illinois teaching service.
8. H.F. 2803 (Greiling); S.F. 3618 (Marty): MnSCU, TRA; Permit certain MnSCU faculty member to elect TRA coverage.
9. H.F. 3021 (Juhnke); S.F. xxxx; and H.F. xxxx; S.F. 2855 (Gimse): PERA Privatization; Rice Memorial Hospital, certain departments.
10. H.F. 3029 (Hilstrom); S.F. 2759 (Betzold): Various employers; Alternative employer-funded deferred compensation plans.
11. H.F. 3041 (Murphy, M. by request); S.F. 2715 (Betzold): Retirement provisions modified relating to actuarial and financial reporting.
12. H.F. 3082 (Murphy, M.); S.F. 2720 (Betzold): MSRS-C; Adding two employment positions to retirement plan coverage.
13. H.F. 3221 (Murphy, M., by request); S.F. 2655 (Betzold): MSRS; Deferred compensation plan recodification and offering Roth plans.
14. H.F. 3223 (Mahoney); S.F. 3054 (Tomassoni): MSRS-General/Unclassified; Revise plan coverage options for certain legislators, elected state officials, and judges; permit election of general plan coverage.
15. H.F. 3242 (Peppin); S.F. 3127 (Limmer): PERA-P&F; Service credit transfer, Maple Grove fire inspector.
16. H.F. 3311 (Atkins); S.F. 2469 (Metzen): PERA; Authorize revocation of retirement annuity application in favor of disability application.
17. H.F. 3320 (Nelson); S.F. 2423 (Betzold): TRA; Clarification of special direct state aid allocation.
18. H.F. 3415 (Pelowski); S.F. 3531 (Larson): Teacher plans; Providing for phased retirement from teaching.
19. H.F. 3421 (Murphy, M., by request); S.F. 2969 (Betzold): Minnesota Post Retirement Investment Fund; Revisions/dissolution procedure.
20. H.F. 3436 (Nelson); S.F. 3136 (Betzold): MSRS; Modification of state employee postretirement options program.
21. H.F. 3508 (Hausman); S.F. 3188 (Anderson): PERA; Service credit purchase by St. Paul employee.
22. H.F. 3567 (Shimanski); S.F. 3150 (Dille): PERA; Waive separation of service requirement for certain independent contractor.
23. H.F. 3713 (Nelson); S.F. 3405 (Betzold); PERA-P&F: Injured police officers/firefighters duty disability pension amount and less hazardous duty requirements.
24. H.F. 3715 (Nelson); S.F. 3325 (Betzold): Volunteer firefighters; Increase maximum service pension amounts.
25. H.F. 3743 (Nelson); S.F. 3375 (Dahle): School district tax-sheltered annuity vendors collective bargaining requirement.
26. H.F. 3744 (Thissen); S.F. 3532 (Larson): Local P&F; Reallocation of additional amortization aid.
27. H.F. 3764 (Thissen); S.F. 3506 (Larson): MFRA; Additional cost-of-living unit upon 110% funding; modify investment-related postretirement adjustment.
28. H.F. 3798 (Murphy, M., by request); S.F. 3324 (Betzold): MSRS/PERA/TRA; Benefit-related and administrative provisions.
29. H.F. 3799 (Murphy, M., by request); S.F. 2998 (Betzold): MSRS/PERA/MERF; Retirement annuity voluntary membership dues deduction.
30. H.F. 3840 (Gunther); S.F. 3554 (Rosen): Supplemental retirement plans; Exemption to restriction for Blue Earth United Hospital District.
31. H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug): Volunteer firefighters; Statewide lump sum volunteer firefighter retirement plan.
32. H.F. 3938 (Murphy, M., by request); S.F. xxxx: Volunteer firefighters; State Auditor's volunteer fire working group recommendations.
33. H.F. 4117 (Holberg); S.F. 3803 (Pariseau): PERA-P&F; Increasing total and permanent duty disability benefits in short service situations.
34. H.F. 4131 (Smith); S.F. xxxx: PERA-P&F; One-year reemployed annuitant earnings limits exemption for MAC police officers.
35. H.F. 4151 (Hoppe); S.F. xxxx: TRA, Service credit purchase for leave of absence, Wayzata teacher.
36. H.F. xxxx; S.F. 1643 (Senjem): PERA; Authorize retirement annuity application, Olmstead Co./Rochester city employee.
37. Commission amendment (Betzold): MSRS-General; Minnesota Government Engineers Council employees membership inclusion.
38. Commission amendment (Murphy, M., LCPR08-BA04): PERA; Prior military service credit purchase.
39. Commission amendment (Kahn): MSRS-Unclassified; Pre-employment termination marital property division in certain instances.
40. Senate Finance Committee amendment (Betzold): PERA-P&F; Clarification of tribal police officer coverage provision.
41. Senate Finance Committee amendment (Betzold): SPTRFA; Ratification of SPTRFA aid payment.

## General Summary of S.F. 2720 (Betzold), the Second Engrossment

Article 1: Postretirement Provisions. The article amends the statutes governing the current statewide public retirement plan post-retirement adjustment mechanism, the Minnesota Post Retirement Investment Fund, by un-naming the current investment component adjustment, adding a lost purchasing power increase payable when the Consumer Price Index increase is less than 2.5 percent and the fund is 90 percent funded and had investment income in excess of 8.5 percent, and providing for additional benefit changes if the fund becomes over 115 percent funded.

Article 2: Minnesota Postretirement Investment Fund Dissolution. The article provides for the elimination of the statewide public retirement plan post-retirement adjustment mechanism if the Post Fund falls below 80 percent funded in one year or below 85 percent funded in two consecutive years, replacing the mechanism with a flat 2.5 percent post-retirement adjustment and transferring fund assets back to the particular retirement funds.

Article 3: Phased Retirement or Return to Employment Provisions. The article updates the 2006 Department of Employee Relations Post-Retirement Options program, increases the Teachers Retirement Association (TRA) and the first class city teacher retirement fund associations reemployed annuitant maximum to \$46,000, creates a return to work agreement program within the TRA, and exempts Metropolitan Airports Commission police officers from the Public Employees Police and Fire Retirement Plan (PERA-P&F) reemployed earnings limitations until December 31, 2009.

Article 4: Mandating Joint and Survivor Benefit Form. The article makes any retirement annuity from most Minnesota public retirement plans other than a volunteer firefighter relief association payable as at least a 50 percent joint and survivor benefit form, covering the participant's spouse, rather than as a single life annuity form, unless the spouse waives the joint and survivor benefit.

Article 5: Administrative Provisions. The article revises various provisions with respect to the retirement plans administered by the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA), including:

- Changing time deadlines related to certain MSRS General State Employees Retirement Plan (MSRS-General) service credit purchases and refunds.
- Changing the manner of calculating contribution transfers and additional payments related to coverage transfers for the MSRS Correctional State Employees Retirement Plan (MSRS-Correctional).
- Reducing the number of term-certain optional annuity forms for the MSRS Unclassified State Employees Retirement Program (MSRS-Unclassified).
- Including interns and residents in public medical clinics and employees of the Minnesota Government Engineers Council in MSRS-General membership.
- Revising the administrative duties of the MSRS Board of Directors and the MSRS Executive Director.
- Authorizing a full actuarial value prior military service credit purchase provision in PERA.
- Revising the recognition by the PERA General Employee Retirement Plan (PERA-General) as salary amounts paid to certain supplemental retirement plans and certain federal or state grants.
- Clarifying what constitutes a public employment termination for PERA-administered plans.
- Modifying PERA-General service credit purchase deadlines.
- Excluding PERA-administered retirement plan disabilitants from subsequent retirement coverage, eliminating permanent partial disability payments and retraining payments from PERA-General or Public Employees Police and Fire Retirement Plan (PERA-P&F) benefit offsets.
- Adding certain federal tax law compliance provisions for the PERA Defined Contribution Plan.
- Revising the PERA privatized medical facility definition to eliminate the specification of medical facility definition to eliminate the specification of medical facilities that declined utilization of the special benefit provisions.
- Establishing a process for certifying future privatizing governmental entities for special benefit coverage.
- Revising various TRA leave and service credit purchase limits.
- Accelerating eligibility for the payment of reemployed annuitant earnings limitation account deferral amounts.
- Increasing the minimum employee service credit purchase payment amount on retirement plan service credit purchases generally.
- Extending the approval period for the Clearwater Health Services privatization special benefit election to January 1, 2009.
- Repealing various obsolete TRA service credit purchase or membership provisions.

Article 6: MSRS-Correctional Plan Coverage Expansion. The article amends the statutes governing the Correctional State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional) by adding the Department of Corrections occupational positions of general maintenance worker lead and painter lead to MSRS-Correctional coverage and allows a transfer of past MSRS General State Employees Retirement Plan (MSRS-General) service credit for the one filled position with past service credit.

Article 7: MSRS-Unclassified Retirement Program Changes. The article clarifies that members of the Legislature covered by the Unclassified State Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified) are covered by the option of electing alternative coverage by the MSRS General State Employees Retirement Plan (MSRS-General) with ten years of state employment or more, and new legislators may choose between MSRS-Unclassified and MSRS-General during the first year, effective January 6, 2009.

Article 8: PERA Benefits Following Privatizations. The article includes in the coverage of the Public Employees Retirement Association (PERA) privatization law the departments of radiology and radiation/oncology of the Rice Memorial Hospital in Willmar and the Worthington Regional Hospital following their privatization if approved by the applicable cities.

Article 9: Retirement Related State Aid Programs. The article modifies the first class city teacher retirement fund direct state aid program by reinstating the Duluth Teachers Retirement Fund Association (DTRFA) as a recipient of the former Minneapolis Teachers Retirement Fund Association (MTRFA) portion of the previously automatically redirected DTRFA direct state aid, by redirecting the St. Paul Teachers Retirement Fund Association (SPTRFA) portion of the previously automatically redirected DTRFA direct state aid to the Legislative Commission on Pensions and Retirement to fund the retention of a reviewing consulting actuary by the Commission in combination with Article 11, and by providing for a redirection of the additional amortization state aid after 2009 of the ten cities with unfunded former local police and fire consolidation accounts in the 1999 PERA-P&F merger, with 20 percent allocated to the Minneapolis Police and Fire Relief Associations, with 20 percent to the SPTRFA, 20 percent to the City of Duluth to offset police and fire pension costs, and 40 percent to the minimum volunteer firefighter fire state aid program.

Article 10: MnSCU-IRAP and Related Changes. The article modifies provisions related to the Higher Education Individual Retirement Account Plan (IRAP), covering Minnesota State Colleges and Universities System (MnSCU) faculty and administrative personnel, handling the identification and disposition of abandoned IRAP account amounts, permitting Higher Education Supplemental Retirement Plan distributions to phased retirement program participants, and providing for an actuarial study of the impact on the Teachers Retirement Association (TRA) of allowing an additional alternative retirement coverage election for MnSCU faculty after attaining tenure or its equivalent.

Article 11: Financial and Actuarial Reporting. The article modifies the retirement plan financial and actuarial reporting requirements of Minnesota Statutes, Chapter 356, eliminating the authority for projection actuarial valuations, replacing the annual financial report member distribution requirement with a report availability requirement, eliminating various outdated generally accepted accounting practice requirements, eliminating the use of a single jointly retained consulting actuary for the preparation of official actuarial work in favor of each retirement plan retaining its own consulting actuary independently, obligating the Legislative Commission on Pensions and Retirement to retain a reviewing consulting actuary and appropriating \$140,000 annually for that purpose, eliminating any specific due date for actuary valuations, implementing various salary and payroll increase actuarial assumption changes, shifting the authority to modify post-2010 salary and payroll increase assumption changes to the respective retirement plan governing boards, subject to Legislative Commission on Pensions and Retirement approval, extending the amortization target date for the Correctional State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional), the Judges Retirement Plan, and the Public Employees Police and Fire Retirement Plan (PERA-P&F), changing from a fixed date amortization target date to a "rolling 25 year" amortization procedure for the St. Paul Teachers Retirement Fund Association (SPTRFA), and allowing SPTRFA to report actuarial valuation results based on the market value of assets rather than the actuarial value of assets.

Article 12: Retirement Savings Programs. The article contains modifications in the statutory provisions related to tax-sheltered annuities or deferred compensation programs, including the specification that the identity and number of tax-sheltered annuity vendors is a term and condition of employment under the Public Employees Labor Relations Act (PELRA) between educational employees and school districts, recodifying the Minnesota Deferred Compensation Program, permitting the Minnesota Deferred Compensation Program to implement Roth deferred compensation accounts if authorized by the federal tax law, authorizing the Minnesota State Retirement System (MSRS) to provide investment advice to Minnesota Deferred Compensation Program participants, increasing the maximum amount of employer matching deferred compensation contributions from \$2,000 annually to one-half of the applicable federal tax law deferral amount, extending authority to accept employer matching deferred compensation contributions to any deferred compensation vendor, and permitting the United Hospital District, Blue Earth, to utilize the Minnesota Deferred Compensation Program as its defined contribution retirement plan, with an employer contribution up to the employer matching and additional contribution rates of the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General).

Article 13: PERA-P&F Duty Disability Benefit Increase. The article increases the amount of the Public Employees Police and Fire Retirement Plan (PERA-P&F) duty disability benefit.

Article 14: Local Police and Paid Fire Relief Association Changes. The article relates to local public safety employee retirement plans, increasing the service pension of the Minneapolis Firefighters Relief Association by one unit whenever the relief association attains a 110 percent funding ratio, increasing the amount of the thirteenth check when the relief association is under 102 percent funded, and crediting any excess investment income not used to pay the thirteenth check against the city contribution to the relief association for the following year.

Article 15: Volunteer Firefighter Relief Association Changes. The article contains statutory changes related wholly or primarily to volunteer firefighter relief associations, including requiring public accountants to report malfeasance in local retirement plans to the Office of the State Auditor, authorizing security brokers/dealers to directly hold retirement plan assets if covered by Securities Investor Protection Corporation (SIPC) insurance or excess insurance, requiring disclosure of the extent of securities insurance by brokers/dealers on uniform acknowledgement forms prescribed by the State Auditor, revising the definition of "surviving spouse" for volunteer firefighter relief association benefits, increasing monthly benefit volunteer firefighter relief association flexible service pension minimum amounts to \$2,000 per month with 20 years service over the period 2009-2013, increasing the lump sum volunteer firefighter relief association flexible service pension maximum amounts to \$200,000 lump sum with 20 years service over the period 2009-2011, permitting various volunteer firefighter relief association deferred service pension interest crediting procedures, clarifying the limitation on volunteer firefighter relief association ancillary benefits, eliminating authority for the payment of funeral benefits from volunteer firefighter relief association special funds, creating a voluntary statewide volunteer firefighter retirement plan advisory board with the Public Employees Retirement Association (PERA), and repealing various prior special law ancillary benefit provisions with local approval after June 30, 2009.

Article 16: Membership Dues Withholding. The article relates to the payment of membership dues by retirees, allowing retirees of retirement plans administered by the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), or the Minneapolis Employees Retirement Fund (MERF) to authorize a deduction of membership dues payable to a labor union up to twice per year if the labor union reimburses the pension plan for the administrative expense of the withholding.

Article 17: Small Group Provisions. The article contains various provisions applicable to individuals or small groups of public employees:

- Permits a Rochester city council member to retire from the PERA General Employee Retirement Plan of (PERA-General) for school district and county employment and continue city council service;
- Permits a St. Paul Public Works Department employee to revoke an early retirement annuity application and apply for a disability benefit;
- Permits a full-time Maple Grove fire inspector/firefighter to transfer PERA-General covered service credit for 1988-1996 fire department employment to the Public Employees Police and Fire Retirement Plan (PERA-P&F);
- Permits a Minnesota State Colleges and Universities System (MnSCU) faculty member who was not informed of a retirement coverage election opportunity to elect Teachers Retirement Association (TRA) coverage rather than the default Individual Retirement Account Plan (IRAP) coverage and purchase service credit for the previous IRAP covered service;
- Authorizes an Apple Valley teacher with prior Illinois teaching service to purchase TRA service credit for the Illinois teaching service;
- Increases the total and permanent PERA-P&F disability benefit for the former head of the Minneapolis Bomb Squad who suffered a traumatic brain injury;
- Waives the requirement for the repayment of a PERA-General retirement annuity for a certain Glencoe/Silver Lake bus driver;
- Authorizes a St. Paul city employee who was reported for PERA-General membership late to purchase PERA-General service credit for the uncredited period;
- Permits four St. Paul school board members to make back contributions to the PERA Defined Contribution Plan for prior uncredited board service accompanied by a matching school district contribution;
- Permits a Wayzata teacher to purchase service credit from a prior leave of absence to gain eligibility for a future leave of absence; and
- Permits an early division and withdrawal of the individual's account in the Unclassified State Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified) in favor of the former spouse of a State Lottery employee.

## Section-by-Section Summary of S.F. 2720 (Betzold), the Second Engrossment

### Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
<b>Article 1: Postretirement Provisions</b>					
1	2.49-3.15	HF3421 (Murphy, M.); SF2969 (Betzold)	Minnesota Post Retirement Investment Fund (MSRS, PERA, TRA)	11A.18, New Subd. 2a	Requires computation of composite funding ratio, the market value divided by total required reserves, for plans included in the Minnesota Post Retirement Investment Fund (Post Fund).
2	3.16-6.4	HF3421 (Murphy, M.); SF2969 (Betzold)	Post Fund	11A.18, Subd. 9	Clarifies existing law Post Fund benefit adjustments (inflation match not to exceed 2.5%, total benefit adjustment not to exceed 5.0 %).
3	6.5-7.18	HF3421 (Murphy, M.); SF2969 (Betzold)	Post Fund	11A.18, New Subd. 9a	Permits an additional catch-up adjustment to Post Fund benefit recipients whose annuities have lagged the inflation rate, not to exceed 2.5% in total when combined with the inflation adjustment payable to all recipients for the year.
4	7.19-7.28	HF3421 (Murphy, M.); SF2969 (Betzold)	Post Fund	11A.18, New Subd. 9b	Requires the plan administration to report to the Commission with respect to benefits and funding if the Post Fund funding ratio is at least 115%.
5	7.29-8.17	HF3421 (Murphy, M.); SF2969 (Betzold)	Various	356.41	Makes technical corrections in the provision that adjusts disability and survivor benefits for those with benefits indexed to the Post Fund.
6	8.18-13.1	HF3421 (Murphy, M.); SF2969 (Betzold)	MERF	422A.06, Subd. 8	Rather than having MERF post-retirement adjustments determined by cross-reference to Post Fund procedure, the procedure is recreated in MERF retirement fund provision.
<b>Article 2: Minnesota Post Retirement Investment Fund Dissolution</b>					
1	13.4-14.9	HF3421 (Murphy, M.); SF2969 (Betzold)	Minnesota Post Retirement Investment Fund (Post Fund)	New 11A.181	If the Post Fund funding ratio is less than 80% in any year, or less than 85% in two consecutive years, the Post Fund will be dissolved and its assets merged with active member assets from the applicable plans. If the Post Fund is dissolved, annual benefit adjustment of 2.5% replaces all existing Post Fund adjustment provisions.
2	14.10-14.17	HF3421 (Murphy, M.); SF2969 (Betzold)	Post Fund	Uncoded	If the Post Fund is to be dissolved, plan administrations must report to the Commission with proposed legislation containing conforming changes.
<b>Article 3: Phased Retirement or Return to Employment Provisions</b>					
1	14.21-14.28	HF3436 (Nelson); SF3136 (Betzold)	MSRS, PERA	43A.346, Subd.1	The Postretirement Option Program (PRO) definition provision clarified to make it clear the provision applies to retired (terminated) employees rather than active employees.
2	14.29-15.27	HF3436 (Nelson); SF3136 (Betzold)	MSRS, PERA	43A.346, Subd.2	PRO program eligibility provisions are clarified, including clarification that PERA length-of-separation requirements and return-to-work agreement prohibitions do not apply if the individual is at least age 62.
3	15.28-16.1	HF3436 (Nelson); SF3136 (Betzold)	MSRS, PERA	43A.346, Subd. 4	Clarifies PRO program annuity reduction waiver provision.
4	16.2-16.13	HF3436 (Nelson); SF3136 (Betzold)	MSRS, PERA	43A.346, Subd. 5	In conformance with federal law, if the individual is under age 62 no initial offer of a PRO position can be made until at least 30 days after termination of service.
5	16.14-16.28	HF3436 (Nelson); SF3136 (Betzold)	MSRS, PERA	43A.346, Subd. 6	In conformance with federal law, requires that if the individual is under age 62, no offer to continue an individual in a PRO position can be made until at least 30 days after the end of the individual's previous PRO position.
6	16.29-17.3	HF3436 (Nelson); SF3136 (Betzold)	MSRS, PERA	43A.346, Subd.7	Clarifies the PRO acceptance of employment provision.

Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
7	17.4-17.13	HF3415 (Pelowski); SF3531 (Larson)	TRA	354.05, Subd. 37	TRA's termination of teaching provision is revised by specifying that a valid termination has not occurred if the individual is under age 62 and has entered into a contract to return to employment, while those at least age 62 must comply with new section 354.444.
8	17.14-18.14	HF3415 (Pelowski); SF3531 (Larson)	TRA	354.44, Subd. 5	TRA's reemployed annuitant maximum exempt income limit is increased from the maximums permitted under Social Security law to \$46,000.
9	18.15-19.18	HF3415 (Pelowski); SF3531 (Larson)	TRA	New 354.444	Return-to-work provision applicable to retired teachers at least age 62, permitting them to return to work. No further service credit will be earned.
10	19.19-20.26	HF3415 (Pelowski); SF3531 (Larson)	First Class City Teacher Plans	354A.31, Subd.3	First class city teacher plan reemployed annuitant maximum exempt income limit is increased from the maximums permitted under Social Security law to \$46,000.
11	20.27-21.1	HF4131 (Smith); SFxxxx	PERA-P&F	Uncoded	Metropolitan Airports Commission police officers are exempted from reemployed annuitant exempt salary maximum for calendar year 2008 and 2009.
12	21.2-21.15	HF3415 (Pelowski); SF3531 (Larson)	First Class City Teacher Plans	Uncoded	First class city teacher plans are authorized to revise their bylaws to permit \$46,000 maximum exempt income limit for reemployment.

**Article 4: Mandatory Joint and Survivor Benefit Form**

1	21.18-22.21	HF2451 (Nelson); SF2266 (Wergin)	MSRS	352.12, Subd. 2	MSRS survivor benefit provision is revised to require signed waiver by spouse before a survivor benefit can be paid to a different beneficiary.
2	22.22-23.12	HF2451 (Nelson); SF2266 (Wergin)	MSRS	352.931, Subd. 1	MSRS-Correctional survivor benefit provision is revised to require signed waiver by spouse before a survivor benefit can be paid to a different beneficiary.
3	23.13-23.23	HF2451 (Nelson); SF2266 (Wergin)	PERA	353.30, Subd. 3	Joint and survivor annuity forms offered by PERA must comply with section 7.
4	23.24-25.9	HF2451 (Nelson); SF2266 (Wergin)	PERA	353.32, Subd. 1a	PERA survivor benefit provision is revised to require signed waiver by spouse before a survivor benefit can be paid to a different beneficiary.
5	25.10-26.12	HF2451 (Nelson); SF2266 (Wergin)	PERA-P&F	353.657, Subd. 2a	PERA-P&F survivor benefit provision is revised to require signed waiver by spouse before a survivor benefit can be paid to a different beneficiary.
6	26.13-26.17	HF2451 (Nelson); SF2266 (Wergin)	PERA-Corr.	353E.07, Subd. 7	PERA-Correctional survivor benefit provision is revised to require signed waiver by spouse before a survivor benefit can be paid to a different beneficiary.
7	26.18-29.8	HF2451 (Nelson); SF2266 (Wergin)	Minnesota public pension plans, except volunteer fire- fighter relief associations	356.46	Minnesota public plan retirement annuities are payable as a 50% joint and survivor benefit form covering the participant's spouse, rather than as a single life annuity form, unless the spouse signs a notarized waiver. Volunteer fire plans and plans providing automatic survivor coverage are excluded from this provision.

**Article 5: Administrative Provisions**

1	28.11-30.28	Betzold amendment	MSRS	352.01, Subd. 2a	Adds Minnesota Government Engineers Council employees to MSRS-General membership.
2	30.29-31.21	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS	352.017, Subd. 2	MSRS leave period service credit purchase procedure is revised by requiring that purchase occurs prior to termination of service, and by giving individuals who terminate during a leave 30 days to make payment.
3	31.22-32.9	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS	352.03, Subd. 4	Revises MSRS board provision by clarifying its authority to oversee health care savings plan.
4	32.10-32.19	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS	352.03, Subd. 5	Executive director provision revised by moving language to this provision from another.

Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
5	32.20-32.31	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS	352.22, Subd. 10	Refund restriction language is removed from a miscellaneous refund provision, to conform with policy reflected in other MSRS refund law.
6	33.1-34.33	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS-Corr.	352.955, Subd. 3	Clarifies additional contribution payments and asset transfers for prior service when position is transferred from MSRS-General to MSRS Correctional.
7	34.34-35.6	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS-General MSRS-Corr.	352.955, Subd. 5	Clarifies MSRS-General to MSRS-Correctional plan effect of transfer provision, to clarify that only service credit transferred from the General plan is forfeited in the General plan.
8	35.7-35.19	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS Health Care Savings Account	352.98, Subd. 1	Clarifies that the MSRS Health Care Savings Account can be used by all public employees, including volunteer firefighters, if authorized in personnel policy statement.
9	35.20-35.27	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS Health Care Savings Account	352.98, Subd. 2	The MSRS Health Care Savings Account contracting provision clarified by stating that the MSRS executive director, rather than the Minnesota State Retirement System, administers the plan.
10	35.28-36.21	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS Health Care Savings Account	352.98, Subd. 3	Clarifies language in the MSRS Health Care Savings Account provision and removes authority for MSRS to determine how an account should be invested if requested by an employee and the employer.
11	36.22-36.33	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS Health Care Savings Account	352.98, Subd. 4	Clarifies language in the Health Care Savings Account expense reimbursement provision.
12	37.1-37.6	Amendment to HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS Health Care Savings Account	352.98, Subd. 5	Clarifies that the MSRS executive director, and not the MSRS plan, sets MSRS Health Care Savings Account administrative fees.
13	37.7-37.15	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS-Unclassified	352D.075, Subd. 2a	MSRS-Unclassified Program five- and six-year term-certain annuity options are eliminated.
14	37.16-40.25	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.01, Subd. 2b	The resident physician and pharmacist language in the PERA excluded employee provision is revised to include those working in clinics rather than just those working in hospitals.
15	40.26-42.13	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.01, Subd. 10	The PERA salary definition is revised to include employer paid amounts to supplemental plans that would otherwise be paid in wages, and to exclude any salary paid from federal or state grants that prohibit using grant money to cover pension plan contributions, unless the contributions to the plan are made from other unrestricted sources.
16	42.14-42.26	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.01, Subd. 11a	The PERA termination of public service provision is revised by specifying that a valid termination has not occurred if the member has an agreement to return to the employer as an employee, independent contractor, or employee of an independent contractor.
17	42.27-43.17	Murphy, M. amendment (LCPR08-BA04)	PERA	353.01, New Subd. 16b	Reestablishes a PERA military service credit full actuarial value purchase provision for those who served before becoming public employees, or who failed to use other service credit purchase provisions in a timely manner. Authority expires July 1, 2013.
18	43.18-44.7	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.0161, Subd. 2	The PERA leave of absence service credit purchase provision is revised to base the procedure on monthly salary rather than hourly salary rates, to permit payment up to 30 days after termination if payment is made within one year of the leave, and to specify that for payments after one year (for which a full actuarial value payment is required) payment must be made prior to termination of public service.
19	44.8-44.15	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.27, New Subd.7c	Prohibits disabilitants from PERA plans to receive service credit in another PERA plan for employment unless the individual waive continued receipt of disability benefits.

Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
20	44.16-45.3	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.27, Subd. 14	PERA's treatment of periods before initial coverage date provision is revised by clarifying that, in situations where a full actuarial value service credit payment is required, that service may be purchased anytime prior to termination of public service.
21	45.4-45.24	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA	353.33, Subd. 5	PERA-General benefits payable under workers' compensation provision is revised to not offset certain permanent partial disability payments or retraining payments.
22	45.25-46.18	Senate Finance amendment	PERA-P&F	353.64, Subd. 11	Clarifies tribal police officer coverage provision consistent with recent change in federal law.
23	46.19-47.4	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA-P&F	353.656, Subd. 2	PERA-P&F benefits payable under workers' compensation provision is revised to not offset certain permanent partial disability payments or retraining payments.
24	47.5-48.3	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA Defined Contribution	353D.05, Subd. 2	The PERA Defined Contribution Plan investment options provision is revised by eliminating specific dates when investment option changes become effective (due to the investment plans going from monthly to daily valuation).
25	48.4-49.25	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA Defined Contribution	New 353D.071	A PERA Defined Contribution Plan federal compliance provision is added requiring plan account assets to be distributed in a lump sum by federally required dates.
26	49.26-50.12	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA Privatization	353F.02, Subd. 4	Kanebec Hospital, Northfield Hospital, and Renville County Hospital in Olivia are removed from the PERA privatization chapter because privatization did not occur.
27	50.13-51.22	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA Privatization	New 353F.025	Permits privatized public organizations to apply to PERA for inclusion in privatized employee chapter. If actuarial review indicates that PERA will not be harmed by the inclusion, PERA will include the organization is legislation adding them to PERA privatized employee chapter. The proposed legislation may also include de-certification of entities that failed to privatize.
28	51.23-51.32	HF3798 (Murphy, M.); SF3324 (Betzold)	TRA	354.096, Subd. 2	TRA family leave payment provision is revised to use the general TRA leave of absence service credit payment procedure.
29	51.33-52.10	HF3798 (Murphy, M.); SF3324 (Betzold)	TRA	354.33, Subd. 5	A TRA retiree federal benefits provision is revised by removing a cross-reference proposed for repeal.
30	52.11-53.7	HF3798 (Murphy, M.); SF3324 (Betzold)	TRA	354.72, Subd. 2	The TRA leave of absence/strike period purchase procedure is revised for clarity, and by specifying that interest will be charged from June 30 until paid, rather than from the last day of the leave or strike period.
31	53.8-53.32	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS, PERA, TRA, First Class City Teacher Plans	356.47, Subd. 3	The reemployed annuitant savings account distribution provision is revised to permit distribution to the individual one year after the reemployment ends; rather than at age 65 or 13 months after the reemployment ends, whichever is later.
32	53.33-55.9	HF3798 (Murphy, M.); SF3324 (Betzold)	All plans	356.551, Subd. 2	The full actuarial value service credit purchase provision is revised by specifying that the minimum payment is equal to the contributions that would have been made plus 8.5% interest, rather than an amount equal to contributions based on current contribution rates and current salary; and by adding a requirement that full actuarial value payments must be made before retirement.
33	55.10-55.21	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA Defined Contribution	356.611, Subd. 2	The PERA Defined Contribution Plan is added to the federal compensation limit provision.
34	55.22-55.30	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS- Unclassified; PERA Defined Contribution	356.611, New Subd. 3a	The limitation on public employee salaries for pension purposes provision is revised by adding limitations applicable to defined contribution plans, with a limit of 100% of compensation or \$40,000, as adjusted under Internal Revenue Code, whichever is less.



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Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
35	55.31-56.6	HF3798 (Murphy, M.); SF3324 (Betzold)	TRA	Laws 2002, Ch. 392, Art. 2, Sec. 4	An effective date provision that caused the MSRS, PERA, and TRA temporary strike period service credit purchase provision to expire in 2002 is revised to make the TRA provision permanent, retroactive to July 1, 2002.
36	56.7-57.16	HF3798 (Murphy, M.); SF3324 (Betzold)	PERA Privatization	Laws 2006, Ch. 271, Art. 5, Sec. 5.	The Clearwater County Memorial Hospital privatization approval period is extended.
37	57.17-57.24	HF3798 (Murphy, M.); SF3324 (Betzold)	MSRS, TRA, First Class City Teachers Plans	Repealer	Various obsolete MSRS, TRA, and first class city teacher plan provisions are repealed.
<b>Article 6: MSRS-Correctional Plan Coverage Expansion</b>					
1	57.27-59.3	HF3082 (Murphy, M.) SF2720 (Betzold)	MSRS- Correctional	352.91, Subd. 3d	Includes general maintenance worker lead and painter lead occupations in plan coverage.
2	59.4-59.10	HF3082 (Murphy, M.) SF2720 (Betzold)	MSRS- Correctional	Temporary provision	Painter lead coverage change is prospective and general maintenance worker lead coverage change is retroactive to December 11, 2006.
<b>Article 7: MSRS-Unclassified Retirement Program Changes</b>					
1	59.13-61.15	HF3223 (Mahoney); SF3054 (Tomassoni)	MSRS- Unclassified	352D.02, Subd. 1	Legislators and elected state officers are permitted to elect MSRS-General coverage rather than MSRS-Unclassified during the first year of service rather than being restricted to MSRS-Unclassified. Effective January 6, 2009.
2	61.16-62.3	HF3223 (Mahoney); SF3054 (Tomassoni)	MSRS- Unclassified	353D.02, Subd. 3	Legislators and elected state officers in the defined contribution MSRS-Unclassified Program may transfer past and prospective coverage to the MSRS-General defined benefit plan after 10 years or more of state employment. Effective January 6, 2009.
<b>Article 8: PERA Benefits Following Privatizations</b>					
1	62.6-62.29	HF2589 (Hamilton); SF2501 (Vickerman), and HF3021 (Juhnke), and SF2855 (Gimse)	PERA Privatization	353F.02, Subd. 4	Adds the Rice Memorial Hospital radiology department and radiation/oncology department employees and Worthington Regional Hospital employees in privatization provisions.
2	62.30-63.3	HF2589 (Hamilton); SF2501 (Vickerman), and HF3021 (Juhnke), and SF2855 (Gimse)	Effective date	--	Effective upon local approval.
<b>Article 9: Retirement-Related State Aid Programs</b>					
1	63.6-63.28	HF3320 (Nelson); SF2423 (Betzold), Senate Gov Ops and Senate Finance amendments	TRA, First Class City Teacher Plans	354.12, Subd. 3a	Revises the direct state aid to first class city teacher plan provision by reinstating DTRFA into the aid allocation and giving it \$346,000 annually, funded by a comparable reduction in aid received by TRA on behalf of the former MTRFA. The fiscal years 2007 and 2008 aid to TRA and SPTRFA is ratified.
2	63.29-64.23	HF3320 (Nelson); SF2423 (Betzold)	TRA, First Class City Teacher Plans	354A.12, Subd. 3c	The supplemental contributions and direct state matching aid provision is revised by stating that aid to TRA must continue until TRA is fully funded or until 2037, whichever is earlier, rather than continuing aid without qualification until 2037; and by specifying that when the SPTRFA funding ratio equals that of TRA, any future aid under Section 1 (the direct state aid to teacher plan provision) for SPTRFA will be redirected to TRA. Applies retroactively to aid payable in 2007 and 2008.
3	64.24-66.21	HF3744 (Thissen); SF3532 (Larson)	Additional amortization aid	423A.02, Subd. 1b	Allocates the additional amortization aid freed up after the 2009 full funding of local police and paid fire relief associations that merged into PERA-P&F in 1999, as follows: 20% to SPTRFA, 20% to the City of Minneapolis for its two local relief associations, 20% to the City of Duluth to pay police and fire pension costs, and 40% to minimum floor volunteer fire aid.

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Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
4	66.22-66.34	HF3320 (Nelson); SF2423 (Betzold)	TRA, First Class City Teacher Plans	Repealer	The direct state aid to first class city teacher plan provision (Section 1), the supplemental contributions and direct state matching aid provision (Section 2), and the direct state matching aid to TRA provisions (Minnesota Statutes, Section 354A.12, Subd. 3b) are repealed when SPTRFA and TRA become fully funded.
<b>Article 10: MnSCU-IRAP and Related Changes</b>					
1	67.3-67.10	HF2170 (Kahn); SF2153 (Olson, M.)	MnSCU IRAP	354B.20, New Subd. 19	Unclaimed plan account amount definition is added to the Higher Education Individual Retirement Account Plan (IRAP), meaning the account of any terminated employee or survivor for which the plan administrator is unable to locate the recipient in accordance with IRS due diligence requirements.
2	67.11-67.27	HF2170 (Kahn); SF2153 (Olson, M.)	MnSCU IRAP	354B.25, Subd. 5	IRAP administrative expense charges to plan members must be reduced by earnings on plan reserve account and unclaimed accounts.
3	67.28-68.12	HF2170 (Kahn); SF2153 (Olson, M.)	MnSCU IRAP	354B.25, New Subd. 6	Unclaimed IRAP accounts will transfer to a reserve account five years after unsuccessful attempts to locate member or survivors. If valid claim is established for any account in excess of \$25, the account must be reestablished.
4	68.13-68.30	HF2170 (Kahn); SF2153 (Olson, M.)	MnSCU Suppl.	354C.12, Subd. 4	Higher Education Supplemental Retirement Account Plan administrative expense charges to plan members must be reduced by earnings on plan reserve account and unclaimed accounts.
5	68.31-68.32	HF2170 (Kahn); SF2153 (Olson, M.)	MnSCU Suppl.	New 354C.155	Section 3 also applies to the Higher Education Supplemental Retirement Account Plan.
6	68.33-69.13	Commission amendment LCPR08-BA001	MnSCU Suppl.	354C.165	Higher Education Supplemental Retirement Account Plan assets may be accessed while individuals in a phased retirement program. Otherwise, access is not permitted until the termination of employment.
7	69.14-70.6	Amendment to HF1953 (Kahn); SF2154 (Olson, M.)	MnSCU IRAP TRA	Uncoded	TRA must conduct an actuarial study of the implications of permitting MnSCU employees to elect TRA within one year of attaining tenure.
<b>Article 11: Financial and Actuarial Reporting</b>					
1	70.9-70.20	HF3041 (Murphy, M.); SF2715 (Betzold)	--	16A.055, Subd. 5	Strikes the authority for the Commissioner of Finance to retain pension plan jointly retained actuary to provide projection evaluations.
2	70.21-70.32	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.20, Subd. 1	Language is clarified in the annual financial report provision.
3	70.33-71.25	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.20, Subd. 2	Language is clarified in the annual report application provision.
4	71.26-72.2	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.20, Subd. 3	The annual report filing provision is modified to require the report to be made available for review by plan members, rather than being distributed to the members.
5	72.3-74.17	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.20, Subd. 4	The content requirements of annual financial reports are modified to include the actuarial value of assets and to eliminate current specified asset value disclosure items and specific actuarial liability disclosure items.
6	74.18-74.22	HF3041 (Murphy, M.); SF2715 (Betzold)	Police and fire plans	356.20, Subd. 4a	Cross-references in the financial reporting provision specific to police and fire relief associations are revised to conform with revisions in Section 2.
7	74.23-77.5	HF2194 (Kahn); SF2006 (Pappas)	MSRS, PERA, TRA, MERF, First Class City Teacher Plans	356.214, Subd. 1	The pension plans will no longer have a jointly retained actuary. Each plan system is authorized to retain its own actuary to provide the actuarial valuation and related actuarial services.
8	77.6-77.12	HF2194 (Kahn); SF2006 (Pappas)	MSRS, PERA, TRA, MERF, First Class City Teacher Plans	356.214, Subd. 3	A copy of the actuarial valuation prepared by the actuary retained by the plan system must be filed with the Commission.

Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
9	77.13-77.31	HF2194 (Kahn); SF2006 (Pappas)	LCPR	356.214, New Subd. 4	The Commission may contract with an actuarial firm to audit or review actuarial valuations, experience studies, and cost analyses prepared by plan actuaries.
10	77.32-80.21	HF3041 (Murphy, M.); SF2715 (Betzold)	MSRS, PERA, TRA, MERF, First Class City Teacher Plans	356.215, Subd. 1	The actuarial valuations and experience studies section definition is revised for conformity with Sections 7-9, by removing the requirement that an approved actuary must have at least 15 years experience with major public pension funds and plans, and by removing obsolete language in the actuarial value of assets definition.
11	80.22-81.10	HF3041 (Murphy, M.); SF2715 (Betzold)	MSRS, PERA, TRA, MERF, First Class City Teacher Plans	356.215, Subd. 2	Actuarial value and experience study provision is clarified, and quadrennial projection evaluations language is removed, consistent with Section 1.
12	81.11-81.26	HF2194 (Kahn); SF2006 (Pappas)	MSRS, PERA, TRA, MERF, First Class City Teacher Plans	356.215, Subd. 3	The provision specifying when actuarial reports must be filed with the Commission is revised by removing any filing date requirement.
13	81.27-87.37	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.215, Subd. 8	The select portion of the MSRS and PERA salary increase assumption is reduced from 10 years to 5 years for its period of application and increased from 0.3 to 0.6% for the additional percentage, the ultimate salary increase rate is reduced by 0.5% at each age for MSRS-General, MSRS-Correctional, PERA-General, PERA-P&F, and TRA, and the payroll growth assumption is reduced by 0.5% for MSRS-General, MSRS-Correctional, the State Patrol Plan, the Legislators Plan, TRA and DTRFA, by 1% for the Judges Plan, and by 1.5 % for PERA-General, PERA-P&F, and PERA-Correctional.
14	87.38-90.36	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.215, Subd. 11	For contribution setting purposes, the actuarial valuations will include a calculation of the contribution needed to amortize the plan's unfunded liability without including any Post Fund deficit; and for information purposes only, including any Post Fund deficit. The full funding date for MSRS-Correctional, the Judges Plan, and PERA-P&F is specified to be June 30, 2038, and for SPTRFA the full funding date will be a rolling 25 years. For the SPTRFA, the actuarial valuation must contain an exhibit showing the funding ratio and contribution deficiency/sufficiency based on market value.
15	91.1-91.20	HF3041 (Murphy, M.); SF2715 (Betzold)	Various plans	356.215, Subd. 18	After 2010, the current statutory salary increase and payroll increase assumptions would shift to the same status as the current demographic assumptions, to be set by the retirement plan governing bodies with Commission approval, and, if the Commission fails to act on the assumption change request within one year of submission, for all non-statutory actuarial assumptions, the assumption would take effect without explicit Commission approval.
16	91.21-92.4	HF3041 (Murphy, M.); SF2715 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 1	Cross-references in the MSRS, PERA, and TRA appeals procedure are revised as a conforming change.
17	92.5-92.13	HF2194 (Kahn); SF2006 (Pappas)	LCPR	Appropriation	\$140,000 is appropriated to the Legislative Commission on Pensions and Retirement in Fiscal Year 2009 to retain an actuary.
18	92.14-92.16	HF2194 (Kahn); SF2006 (Pappas)	--	Repealer	M.S., Sec. 356.214, Subd. 2, allocating the cost of a jointly-retained actuary among the pension plan administrations, and M.S., Sec. 356.215, Subd. 2a, dealing with projection valuations, are repealed.
19	92.17-92.19	--	--	Effective date	Sections 1 to 18 are effective on June 30, 2008.
<b>Article 12: Retirement Savings Programs</b>					
1	92.22-93.6	HF3743 (Nelson); SF3375 (Dahle)	School districts	123B.02, Subd. 15	The general powers of school district annuity contract provision is revised by specifying that number and identify of available 403(b) vendors is subject to collective bargaining.
2	93.7-93.25	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS	352.03, Subd. 4	A cross-reference in the MSRS board duties and powers provision is revised to reference a proposed new deferred compensation provision.

Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
3	93.26-97.32	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS	New 352.965	The MSRS deferred compensation program provision is recodified; with added authorization to permit MSRS to offer Roth IRAs and Roth 457 plan accounts; with authority for the State Board of Investment to hire consultants to assist in reviewing bids; by giving MSRS flexibility to charge annual fees, asset-based fees, or a fee based on a percentage of amounts contributed; by authorizing MSRS to retain third-party investment consultant to provide investment information and advice to plan participants; and by exempting the plan from ruling making.
4	97.33-98.2	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS	352.97	A cross-reference in a prior deferred compensation plan construction provision is revised to reference new 352.965.
5	98.2-98.19	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS- Unclassified	353D.12, Subd. 4	An MSRS-Unclassified rollover provision cross-reference is revised to reference new 352.965.
6	98.20-100.28	HF3840 (Gunther); SF3554 (Rosen), and  HF3029 (Hilstrom); SF2759 (Betzold)	Various plans	356.24, Subd. 1	The provision that permits exceptions to the prohibition against employer contributions to supplemental plans is revised by requiring all included investment vehicles to disclose all fees and historic rates of return in an easily comprehended document not to exceed 2 pages; by revising the maximum employer contribution to one-half the total elective deferral permitted per employee under Internal Revenue Code rather than \$2,000; by permitting employer matches to any 457 deferred compensation plan rather than just to the MSRS deferred compensation plan or to 403(b) plans; and by permitting the employer of United Hospital District, Blue Earth, to make contributions to the MSRS deferred compensation plan based on employer contribution rates to PERA-General.
7	100.29-101.12	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 1	The definition provision in the pension plan appeal procedure for MSRS, PERA, and TRA is revised to cross-reference the recodified MSRS deferred compensation provision.
8	101.13-103.14	HF3221 (Murphy, M.); SF2655 (Betzold)	Public plan administration	356B.10, Subd. 3	A contracting procedures provision is revised to cross-reference the recodified MSRS deferred compensation provision.
9	103.15-104.5	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS	363A.36, Subd. 1	A contract bidding provision is revised to cross-reference the recodified MSRS deferred compensation provision.
10	104.6-104.17	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS, Hennepin Co.	383B.914, Subd. 7	A Hennepin County provision is revised to cross-reference the recodified MSRS deferred compensation provision.
11	104.18-104.25	HF3221 (Murphy, M.); SF2655 (Betzold)	MSRS	518.003, Subd. 8	The marriage dissolution chapter definition of public pension plan is revised to cross-reference the recodified MSRS deferred compensation provision.
12	104.26-105.1	HF3221 (Murphy, M.); SF2655 (Betzold)	--	Repealer	The existing MSRS deferred compensation plan provision is repealed, along with various Minnesota Rules applicable to that provision.

**Article 13: PERA Police and Fire Plan Duty Disability Benefit Increase**

1	105.5-105.25	HF3713 (Nelson); SF3405 (Betzold) (H3082-10A)	PERA-P&F	353.656, Subd. 1	Revises the PERA-P&F duty disability benefit provision to permit an additional benefit of 3% of salary for each year of service in excess of 20 years, retroactive to July 1, 2007. (Effect is to reestablish same benefit level as existed prior to July 1, 2007.)
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**Article 14: Local Police and Paid Fire Relief Association Changes**

1	105.29-106.30	HF3764 (Thissen); SF3506 (Larson)	Minneapolis Firefighters Relief Association	New 423A.021	A section is added to the police and salaried firefighter relief association chapter, but applying only to the MFRA, providing an approximate one unit increase to all service pensioners, joint and survivor annuitants, and survivors, effective when the association reaches 110% funding. A revised 13 <sup>th</sup> check is also provided, authorizing an additional post-retirement benefit equal to one month's normal retirement benefit. This benefit is in lieu of the 13 <sup>th</sup> check provision stated in the MFRA chapter.
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Summary of S.F. 2720, 2<sup>nd</sup> Engrossment

Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
<b>Article 15: Volunteer Firefighter Relief Association Changes</b>					
1	106.33-107.11	HF3938 (Murphy, M.); SFxxxx	Various plans	6.67	A misconduct reporting requirement section is expanded to require reporting of any misconduct by public pension plans.
2	107.12-109.9	HF3938 (Murphy, M.); SFxxxx	VFRAs	69.011, Subd. 1	A definition section is corrected by removing an incorrect cross-reference.
3	109.10-109.24	HF3938 (Murphy, M.); SFxxxx	Non-SBI invested plans	356A.06, Subd. 1	Title to assets provision is expanded to allow security brokers or broker agents to retain plan assets if they have adequate, proper insurance to cover the plan assets.
4	109.25-113.21	HF3938 (Murphy, M.); SFxxxx	Non-SBI invested plans	356A.06, Subd. 7	The alternative investments provision is revised to require any assets in this category held through index of mutual funds must be included in the 20% cap.
5	113.22-114.10	HF3938 (Murphy, M.); SFxxxx	Non-SBI invested plans	356A.06, Subd. 8b	If a broker holds plan assets, the broker must disclose annually by a written statement that the broker has adequate Securities Investor Protection Corp. (SIPC) insurance, supplemented by additional insurance if necessary, to cover all plan assets held by the broker.
6	114.11-114.15	HF3938 (Murphy, M.); SFxxxx	VFRAs	424A.001, New Subd. 1a	A new subdivision is added to the volunteer firefighter chapter defining ancillary benefit, meaning a benefit other than a service pension that is permitted by law and bylaw.
7	114.16-114.24	HF3938 (Murphy, M.); SFxxxx	VFRAs	424A.001, Subd. 6	The volunteer fire definition of surviving spouse is the spouse of a deceased member legally married to the member at the time of death, rather than a dependent spouse of the deceased member, living with the member at the time of death, and married to the member for at least one year prior to the member's death.
8	114.25-121.34	HF3715 (Nelson); SF3325 (Betzold)	VFRAs	424A.02, Subd. 3	The monthly flexible service pension maximums are increased from a maximum of \$56 per month per year of service, up to \$100 per month per year of service. The increases are phased in between the end of 2008 and the end of 2012. The lump sum plan maximums per year of service are increased from \$7,500 to \$10,000, phased in between the end of 2008 and the end of 2010.
9	121.35-123.18	HF3938 (Murphy, M.); SFxxxx	VFRAs	424A.02, Subd. 7	The volunteer fire deferred service pension provision is revised by eliminating authority to pay interest based on time weighted returns earned by the fund, and by permitting flexibility in determining the period over which interest is computed.
10	123.19-124.15	HF3938 (Murphy, M.); SFxxxx	VFRAs	424A.02, Subd. 9	The volunteer fire limitation on ancillary benefit provision is revised for clarity and by specifying that a disability benefit may not exceed the individual's retirement benefit amount.
11	124.16-125.6	HF3938 (Murphy, M.); SFxxxx	VFRAs	424A.05, Subd. 3	Authority to pay funeral benefits from the volunteer fire pension fund (special fund) is removed.
12	125.7-126.22	Amendment to HF3895 (Murphy, M.); SF3630 (Saxhaug)	VFRAs	Uncoded	A Voluntary Statewide Volunteer Firefighter Retirement Plan Advisory Board of six members is created, with four of the members appointed by various firefighter interest groups, one appointed by the League of Minnesota Cities and one by the Minnesota Associations of Townships. The board is to draft legislation for establishing a voluntary statewide lump-sum volunteer fire retirement plan.
13	126.23-128.6	HF3938 (Murphy, M.); SFxxxx	--	Repealer	Special law ancillary benefit provisions inconsistent with this article are repealed if local approval is given to the repealer. The provision applies to Anoka, Butterfield, Coon Rapids, Edina, Fairmont, Falcon Heights, Golden Valley, Wayzata, and White Bear Lake.

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Sec.	Pg.Ln-Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
<b>Article 16: Membership Dues Withholding</b>					
1	128.9-128.26	HF3799 (Murphy, M.); SF2998 (Betzold)	MSRS, PERA, MERF	New 356.91	MSRS, PERA, and MERF annuitants may request dues to be withheld from the annuity, payable to any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees. The organization must reimburse the pension fund for the cost of the withholding.
<b>Article 17: Small Group Provisions</b>					
1	128.29-130.15	HF xxxx; SF 1643 (Senjem)	PERA-General	Uncoded	Allows continued elective service by a Rochester city council member after PERA retirement.
2	130.16-131.16	HF3311 (Atkins); SF2469 (Metzen)	PERA-General	Uncoded	Permits early retirement annuity application revocation by a potentially disabled St. Paul Public Works Department employee.
3	131.17-133.20	HF3242 (Peppin); SF3127 (Limmer)	PERA-P&F	Uncoded	Permits service credit transfer from PERA-General to PERA-P&F for past firefighting service by a Maple Grove fire inspector.
4	133.21-135.5	HF2803 (Greiling); SF3618 (Marty)	TRA/MnSCU	Uncoded	Permits a MnSCU faculty member who was not notified of retirement election opportunity to elect TRA coverage and transfer past service credit.
5	135.6-136.5	HF2762 (Wardlow); SFxxxx	TRA	Uncoded	Permits purchase of Illinois teaching service by an Apple Valley teacher.
6	136.6-136.24	Amendment to HF4117 (Holberg); SF3803 (Pariseau)	PERA-P&F	Uncoded	Authorizes payment of an enhanced PERA-P&F disability benefit (75% of salary rather than 60%) for a Minneapolis Bomb Squad disabilitant who suffered traumatic brain injury.
7	136.25-137.19	HF3567 (Shimanski); SF3150 (Dille)	PERA-General	Uncoded	Because of incorrect information provided by PERA, a retired I.S.D. #422, Glencoe, school bus driver, who provided service to an private bus company providing service to the school district within one month of retiring, does not have to repay first year annuity amount.
8	137.20-138.32	HF3508 (Hausman); SF3188 (Anderson)	PERA-General	Uncoded	Permits a full actuarial value service credit purchase in PERA-General by a St. Paul employee who was incorrectly excluded from the plan for two years. The city must pay any amount in excess of employee contributions plus interest.
9	138.33-139.32	HF228 (Paymar); SF266 (Cohen)	PERA Defined Contribution	Uncoded	Four St Paul school board members are permitted to make contributions for past school board service in the PERA Defined Contribution Plan.
10	139.33-140.21	HF4151 (Hoppe); SFxxxx	TRA	Uncoded	Allows a Wayzata teacher to make a full actuarial value service credit purchase for a family leave for which contributions had not been made to gain eligibility for a future leave of absence. Payment must be made by June 30, 2009.
11	140.22-141.17	Kahn amendment	MSRS- Unclassified	Uncoded	Permits the early division and withdrawal of the individual account in the MSRS Unclassified Program in favor of the former spouse of a State Lottery employee.

cc: Senator Cohen, Finance Committee Chair  
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