



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Lawrence A. Martin, Executive Director  
RE: 2009 Omnibus Retirement Bill as of February 27, 2009  
DATE: March 3, 2009

### Introduction

Delete-everything amendment S0191-DE1 contains the contents of the 2009 Omnibus Retirement Bill as recommended by the Legislative Commission on Pensions and Retirement through February 27, 2009.

### Source Legislation for the 2009 Omnibus Retirement Bill through February 27, 2009

Delete-everything amendment S0191-DE1, drawn to S.F. 0191 (Betzold); H.F. 723 (Murphy, M.) as a vehicle, includes all or portions of the following retirement bills:

1. S.F. 191 (Betzold); H.F. 723 (Murphy, M.): MSRS-General, MSRS-Correctional, State Patrol: Disability benefit filing deadline and age limit revisions.
2. S.F. 546 (Betzold); H.F. 726 (Murphy, M.): State Patrol; Disability benefit program revisions.
3. S.F. 578 (Betzold); H.F. 1123 (Murphy, M.): MSRS, PERA, TRA, First class city teacher plans; Administrative and benefit-related provisions.

### General Summary of Delete-Everything Amendment S0191-DE1

Article 1: Disability Benefit Provision Changes contains changes in the disability benefit programs of the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the MSRS Correctional State Employees Retirement Plan (MSRS-Correctional), and the State Patrol Retirement Plan. The article allows disability benefit applications for MSRS-General, MSRS-Correctional, and the State Patrol Retirement Plan to be filed within 18 months after termination of service rather than within 180 days (approximately six months). It also revises various MSRS-Correctional and State Patrol Retirement Plan disability provisions by specifying that disabilitants transfer from disability status to normal retirement at age 55 rather than age 65. The article also includes State Patrol Retirement Plan disabilitants in employer-paid continuing health insurance coverage, reorganizes the State Patrol Retirement Plan definitions, provides for the crediting of full monthly service credit in any month with salary receipt and member contribution deduction in the State Patrol Retirement Plan, newly defines the terms "duty disability," "less frequent duties," "normal duties," and "regular disability" for the State Patrol Retirement Plan, moves two State Patrol Retirement Plan leave of absence service credit provisions, renames the current State Patrol Retirement Plan primary disability coverage as a duty disability benefit, renames the State Patrol Retirement Plan non-duty disability benefit as a regular disability benefit, eliminates the one year of service credit vesting requirement for the State Patrol Retirement Plan for a regular disability benefit, and makes conforming changes in the State Patrol Retirement Plan to accommodate the revised plan definitions provision.

Article 2: Administrative Provisions contains various administrative and other changes. All state employees with coverage by the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) are included in the state's Post Retirement Option in addition to the PERA staff and the 30-day break requirement following the termination of a Post Retirement Option position for a renewal under age 62 is eliminated. The period for making PERA in lieu of deduction contributions for periodic and repetitive leaves and military leaves is extended by 50 percent and military leave in lieu of deductions payments are permitted only upon return to the pre-leave employer. Military service prior service credit purchases in PERA are limited to discharges other than dishonorable. The PERA erroneous receipts provision and the overpayment recovery provision are revised. The accrual date for Teachers Retirement Association (TRA) annuities is made more flexible. Medical exams for TRA or first class city teacher retirement fund association disabilitants are permitted to be waived by the administrator. A TRA prior military service credit purchase is reenacted. Restrictions are placed on automatic deposits to joint or multi-party accounts. Authority is expanded for some TRA members to elect a supplemental needs trust as the second life on a joint-and-survivor annuity.

## Section-by-Section Summary of Delete-Everything Amendment S0191-DE1

### Summary of Delete-Everything Amendment S0191-DE1

Sec.	Pg.Ln – Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
<b>Article 1: Disability Benefit Provision Changes</b>					
1	1.5 – 1.18	SF 546 (Betzold); HF 726 (Murphy, M.)	Employee relations	43A.34, Subd. 4	Clarifies cross-reference to State Patrol Retirement Plan definition section.
2	1.19 – 3.5	SF 546 (Betzold); HF 726 (Murphy, M.)	Public safety disabilitant health coverage	299A.465, Subd. 1	Includes the State Patrol Retirement Plan in the disabled public safety officer employer-paid health insurance coverage mandate.
3	3.6 – 5.34	SF 546 (Betzold); HF 726 (Murphy, M.)	MSRS-General	352.01, Subd. 2	Corrects cross-reference to the State Patrol Retirement Plan in the MSRS-General exclusions.
4	5.35 – 6.32	SF 191 (Betzold); HF 723 (Murphy, M.)	MSRS-General	352.113, Subd. 4	Extends the deadline for the filing of a disability benefit application from 180 days to 18 months.
5	6.33 – 7.6	SF 191 (Betzold); HF 723 (Murphy, M.)	MSRS-Correctional	352.95, Subd. 3	Extends disability benefit application deadline to 18 months.
6	7.7 – 8.2	SF 191 (Betzold); HF 723 (Murphy, M.)	MSRS-Correctional	352.95, Subd. 4	Converts a disability benefit to a retirement annuity at age 55 rather than at age 65.
7	8.3 – 8.25	SF 191 (Betzold); HF 723 (Murphy, M.)	MSRS-Correctional	352.95, Subd. 5	Converts a disability benefit to a retirement annuity at age 55 rather than at age 65.
8	8.26 – 11.27	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	New 352B.011	Recodifies and reorganizes plan definitions.
9	11.28 – 11.32	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	352B.02, Subd. 1	Corrects cross-reference to membership definition.
10	11.33 – 12.12	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	New 352B.085	Re-enacts current M.S., Sec. 352B.01, Subd. 11, Para. (c), relating to workers' compensation benefits in average salary.
11	12.13 – 13.20	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	New 352B.086	Re-enacts current M.S., Sec. 352B.01, Subd. 3b, relating to military service leaves.
12	13.21 – 13.31	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	352B.10, Subd. 1	Renames "injury" disability benefit as "duty disability" benefit.
13	13.32 – 14.9	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	352B.10, Subd. 2	Renames "disabled while not on duty" disability benefit as "regular" disability benefit.
14	14.10 – 14.19	SF 191 (Betzold); HF 723 (Murphy, M.)	State Patrol	352B.10, New Subd. 2a	Specifies 18-month deadline for filing disability benefit application.
15	14.20 – 14.32	SF 191 (Betzold); HF 723 (Murphy, M.)	State Patrol	352B.10, Subd. 5	Converts a disability benefit to a retirement annuity at age 55 rather than at age 65.
16	14.33 – 15.18	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	352B.11, Subd. 2	Corrects cross-reference in surviving dependent child benefit provision.
17	15.19 – 15.22	SF 546 (Betzold); HF 726 (Murphy, M.)	State Patrol	Repealer	Repeals current plan definitions.
<b>Article 2: Administrative Provisions</b>					
1	15.25 – 16.18	SF 578 (Betzold); HF 1123 (Murphy, M.)	PERA-General	43A.346, Subd. 2	Expands the PERA staff inclusion to include all state employees with PERA coverage in the Post Retirement Option.
2	16.19 – 16.32	SF 578 (Betzold); HF 1123 (Murphy, M.)	Various plans	43A.346, Subd. 6	Eliminates the requirement that there be a 30-day break following termination of a Post Retirement Option position before an offer of renewal can be offered if the person is under age 62.
3	16.33 – 19.29	SF 578 (Betzold); HF 1123 (Murphy, M.)	PERA-General	353.01, Subd. 16	Modifies allowable service definitions by clarifying language, revising periodic, repetitive leave and USERRA-compliant service credit language to permit contributions within 30 days of termination of service rather than within 20 days, revising the USERRA-compliant service credit provision to require return to employment with the same government subdivision rather than to public service in general, and clarifying that allowable service credit includes service during a period of reduced salary during a period of workers' compensation.

Summary of Delete-Everything Amendment S0191-DE1

Sec.	Pg.Ln – Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
4	19.30 – 20.20	SF 578 (Betzold); HF 1123 (Murphy, M.)	PERA-General	353.01, Subd. 16b	Disallows military service credit purchase if the service credit was purchased from another Minnesota public pension plan or if the separation from military service was other than honorable.
5	20.21 – 23.2	SF 578 (Betzold); HF 1123 (Murphy, M.)	PERA-General	353.27, Subd. 7	Augments the existing erroneous receipts provision by specifying that interest will be paid to employees when excess contributions are refunded to the employee, and a statute of limitations is added as an adjustment period of the fiscal year in which the error is discovered and the prior two fiscal years unless there is evidence of fraud or abuse, in which case a longer period may apply. All returned employer contributions are without interest and will be done by a credit against future contributions. Any fees or penalties assessed by reporting eligible members and salary must be paid by the employer.
6	23.3 – 23.31	SF 578 (Betzold); HF 1123 (Murphy, M.)	PERA-General	353.27, Subd. 7b	The overpayment recovery provision is revised by providing that when a benefit overpayment results from an overpayment of contributions, the amount of the benefit overpayment recapture must be netted against the refund of the contributions.
7	23.32 – 24.29	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.44, Subd. 4	Revises the annuity accrual date provision by permitting annuities to accrue as early as the day after termination rather than on the 16th of the month after application for retirement if application is made before the 15th, or on the first of the following month if application is made after the 16th of the month.
8	24.30 – 25.8	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.48, Subd. 6	Allows the TRA executive director to waive periodic disabilitant physical examinations.
9	25.9 – 26.1	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	New 354.543	Creates a TRA military service credit purchase at full actuarial value provision that permits vested TRA members who performed military service before becoming TRA members, or who had a break in TRA service to provide military service but who failed to purchase service credit in the plan in a timely manner under the more favorable TRA USERRA-compliant military service purchase provision, to purchase TRA service credit at full actuarial value for the initial period of enlistment, induction, or call to active duty without voluntary extension. Purchases are permitted if the individual has not purchased service credit for that military service period in any other Minnesota defined benefit plan. Payment must be made prior to the teacher's termination of teaching service
10	26.2 – 26.30	SF 578 (Betzold); HF 1123 (Murphy, M.)	First class city teacher plans	354A.36, Subd. 6	Allows a first class city teachers retirement fund association executive director to waive periodic disabilitant physical examinations.
11	26.31 – 27.18	SF 578 (Betzold); HF 1123 (Murphy, M.)	Retirement generally	356.401, Subd. 2	Revises an automatic deposit authority provision by placing restrictions on deposits to joint or multi-party accounts. The new restriction is that direct deposit to joint accounts may only be made if the benefit recipient consents in writing to authorize the financial institution to release to the pension fund the names and addresses of joint owners of the account. If there is an overpayment to the account following the death of the annuitant, the pension plan can issue an administrative subpoena ordering the financial institution to disclose the account co-owners and all deposits and withdrawals from the account which occur after the annuitant's death.
12	27.19 – 27.26	SF 578 (Betzold); HF 1123 (Murphy, M.)	Retirement generally	356.465, Subd. 1	Amends the authority for retiring plan members to name a supplemental needs trust to the second half of a joint-and-survivor annuity to clarify that this provision does not take precedence over the mandatory spousal joint-and-survivor provision enacted in 2008.
13	27.27 – 27.33	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	356.465, New Subd. 4	Expands the authority to designate a supplemental needs trust as the second recipient of a joint-and-survivor optional annuity form to include an active, disabled, or deferred TRA member.