



**H.F. 2078**  
(Murphy, M.)

**S.F. 1457**  
(Frederickson)

**Executive Summary of Commission Staff Materials**

*Affected Pension Plan(s):* MSRS-General  
*Relevant Provisions of Law:* Proposed special law  
*General Nature of Proposal:* Coverage for Middle Management Association employee  
*Date of Summary:* March 27, 2007

**Specific Proposed Changes**

- Permit Middle Management Association labor union employee hired after January 1, 2007, to be covered by MSRS-General, although the individual is not a public employee.

**Policy Issues Raised by the Proposed Legislation**

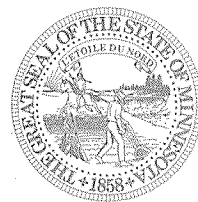
1. Presumed drafting problem: bill presumably Intended to apply to one employee, but as drafted applies to any Middle Management Association labor union employee hired after January 1, 2007.
2. Justification for providing this coverage after the individual accepted employment without that coverage.
3. Possible harm by employer if employer promised pension coverage that was not authorized by law at the time of hiring.
4. Possible double pension coverage.
5. Whether to cover service prior to bill effective date.
6. Plan qualification issue due to covering non-public employee.

**Potential Amendments**

H2078-1A adds a birth date (to be inserted) to better specify individual.

H2078-2A allows full actuarial value service credit purchase back to Middle Management Association labor union start date.

H2078-3A, an alternative to H2078-2A, allows the service credit purchase with the payment of contributions plus interest.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Edward Burek, Deputy Executive Director *EB*

RE: H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson): MSRS-General: Providing MSRS-General Coverage to a Certain Middle Management Association Employee

DATE: March 16, 2007

Summary of H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson)

H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson) authorizes an individual employed by the Middle Management Association after January 1, 2007, to be covered by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) for the Middle Management Association employment, notwithstanding that the individual was not a state employee prior to accepting the Middle Management Association position.

Background Information, Statutes Governing Plan Participation by Labor Organization Employees

The central issue posed by this bill is whether MSRS-General coverage, or coverage by any public plan, is appropriate for the employee described by the bill. The Middle Management Association is a union or labor organization and is not a state agency or department. It is a private or quasi-public organization. In general, Middle Management Association employees, or employees of other labor organizations serving public employees in the state are not authorized to be public plan members for the labor union service. To be eligible for MSRS-General coverage, an individual must satisfy the MSRS-General eligibility provision, which indicates that an MSRS member must be a "state employee," which is defined in Minnesota Statutes, Section 352.01, Subdivision 2, as "an employee or officer in the classified or unclassified service of the state." There are various exceptions in the law, permitting MSRS coverage for employees of some organizations that do not meet this criteria (Minnesota Statutes, Section 352.01, Subdivision 2a), but public labor union or labor organization employees are not one of the current exceptions listed in that subdivision.

There is a provision, however, which does permit existing MSRS members who become employees of labor unions or organizations representing state employees to continue MSRS-General coverage for that employment. As this provision currently exists, it is a portability provision to avoid a gap in coverage when a current MSRS-General member takes an unpaid leave from state employment to work for the public labor organization. Specifically, Minnesota Statutes, Section 352.029 states that if an MSRS-General member takes unpaid leave of absence from state service to work for a labor organization that is an exclusive bargaining agent representing state employees, the individual can retain MSRS-General membership and earn continued service credit in that plan if MSRS-General continues to receive proper contributions. Other public pension systems have labor organization provisions serving this same, limited portability purpose. The Public Employees Retirement Association (PERA) provision is Minnesota Statutes, Section 353.017, while the corresponding Teachers Retirement Association (TRA) provision is Minnesota Statutes, Section 354.41, Subdivision 4.

Discussion and Analysis

H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson): MSRS-General authorizes a Middle Management Association employee who started employment after January 1, 2007, to be covered by MSRS-General for the Middle Management Association employment, notwithstanding that the individual was not a state employee prior to accepting the Middle Management Association position, or does not otherwise qualify for coverage under general law. Since the bill seeks an exemption from general law to allow this individual access to a public plan, the question is whether providing that exemption is appropriate. Past legislative actions may provide some guidance.

In the past, various employing units have been added to MSRS-General through changes in general law although the employees may not be state employees in the classified or unclassified service, or may not have clearly been public employees. The MSRS-General included employee provision, Minnesota Statutes, Section 352.01, Subdivision 2a, provides information on the currently included employees who do not fit the more general definition. A copy of that subdivision as it currently appears is attached. The list includes employees of the Minnesota Historical Society, Minnesota Crop Improvement Association,

Armory Building Commission, and Minnesota Safety Council, among others. Under clauses (15) and (16), the list also includes employees of the heating plant facilities at the University of Minnesota. That language reflects an early effort (1992) to deal with a privatization. The University of Minnesota steam plant operations were turned over to a private employer. The clause reflects a decision by the Legislature to allow those privatized employees to remain in MSRS-General for that continuing employment, despite now working for a private employer.

There have also been a few recent Public Employees Retirement Association (PERA) privatizations where the individuals were allowed to remain in PERA, although these cases are exceptions to the usual practice. One such case occurred in 2004, when employees of the Anoka County Achieve Program and the Government Training Office were allowed to retain PERA-General coverage following a privatization (Laws 2004 Chapter 267, Article 12, Sections 2 and 3). Another case from 1998 is directly relevant for the current situation, when the Commission heard and recommended to pass a special law provision which allowed a certain Middle Management Association employee to have prospective MSRS-General coverage and to purchase service credit back to 1994 (Laws 1998, Chapter 390, Article 4, Section 3, Subdivision 4).

Another area where public plans provided coverage for certain private sector employment occurred several years ago, when for a period of time the Teachers Retirement Association (TRA) and first class city teacher plans were authorized to permit their members to purchase service credit at full actuarial value for various past service of a public, quasi-public, or private nature. One of the permitted purchase categories was periods of private or parochial school teaching service. The now repealed provisions were Minnesota Statutes, Sections 354.536 (for TRA) and 354A.101 (for the first class city teacher plans).

Although in recent years some public plan coverage for private or quasi-public employment has been permitted, there is concern about any substantial expansion. Federal pension regulations have declared that public plans should be restricted to public employees, and the federal government can remove the tax qualified status of a public plan if the percentage of private employees covered by the plan exceeds a negligible portion; however, the federal government has not defined what that percentage would be.

Policy issues raised by H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson) are:

1. Drafting Problems Relating to Application. Presumably the bill is intended to cover a single employee, but the bill as drafted would apply to any individuals hired by the Middle Management Association after January 1, 2007. If this bill is to apply to a single individual or to a few existing Middle Management Association employees, the individual or individuals need to be better specified in the bill to cover only the intended individual or individuals. If the intention is to cover all Middle Management Association employees hired after January 1, 2007, the provision ought to be redrafted as an amendment to Section 352.01, Subdivision 2a, the MSRS included employee provision, rather than as a special law. The bill also lacks an effective date provision and any procedure to deal with coverage between the date the individual commenced service and the date the bill becomes effective. Amendments are suggested below to address these matters.
2. Question of Individual Responsibility. The individual accepted Middle Management Association employment when the terms of that employment did not include MSRS coverage. The Commission may wish to determine why the individual is now requesting MSRS coverage, and whether that coverage can be justified given that the individual is not a public employee.
3. Possible Harm by the Employer. The Commission may wish to seek testimony to determine whether the employer misled the individual regarding pension coverage and whether the individual relied on that promised coverage. If the employer caused harm, the Commission may wish to consider having the employer address that harm in a manner that does not involve a public plan. The employer can create retirement coverage or provide comparable value to the employee using a 401(k) and/or other retirement/savings arrangements, or other monetary payment.
4. Double Coverage Issue. The Commission may wish to inquire whether some alternate pension coverage is being received and whether it will be continued if MSRS-General coverage is granted. If the individual has reasonable pension coverage, the MSRS-General coverage may not be justified, particularly if it will result in double coverage.
5. Consistency with Commission Principles/Plan Tax Qualification Concern. The Commission may wish to consider whether the bill is consistent with the Commission Principles of Pension Policy of the, which suggest some concern if coverage of private employees is further extended in public plans, due to tax qualification concerns and general policy.

6. Past Commission Actions. The Commission may wish to consider that there have been occasions where public plan coverage was allowed to begin for non-public employees, or was permitted to continue for privatized employees. The Commission may specifically wish to consider the provision enacted in 1998 for a similar Middle Management Association employee. While the Commission could recommend the current bill to pass, possibly with an amendment to make it more comparable to the 1998 action, the Commission may choose to be concerned that the recommendation will lead to an undermining of general law.
7. Coverage for Past Service. Presumably, this individual is now working for the Middle Management Association and will have several months of Middle Management Association service prior to the effective date of this provision (which is unstated in the bill). The issue is whether to consider an amendment to deal with credit for past service. The Commission could consider permitting the payment of contributions plus interest, or requiring a full actuarial value payment. Using a full actuarial value payment approach would best ensure that the fund is not harmed. There is no provision in existing MSRS law that would allow MSRS to accept contributions for any period prior to the date that the individual became eligible for MSRS coverage. Minnesota Statutes, Section 352.04, Subdivision 8, would require "a department" to pay omitted salary deductions for certain periods when the department failed to deduct contributions from pay for transmission to the MSRS fund, but "omitted salary deductions" is not a term applicable to any period prior to the date the individual is eligible for membership, and the Middle Management Association may not be a "department" for purposes of this provision.
8. Cost. The issue is the cost of any purchase of past service if the bill is amended to permit a purchase of prior service credit. Hopefully, MSRS can provide a cost estimates for a contributions plus interest payment and a full actuarial value payment.

#### Potential Amendments for Commission Consideration

Amendment H2078-1A would better specify the individual by adding a birth date and a specific date of first hire. The amendment also adds an effective date, which would be the day following final enactment.

Amendment H2078-2A would allow the individual to purchase service credit for any period of uncovered Middle Management Association service back to the date of hire. The payment procedure would be full actuarial value. The individual could not purchase service credit for that period if individual was covered by a defined benefit or defined contribution plan, other than a volunteer fire plan. This amendment applies the same requirements as the Commission used in the 1998 Middle Management Association bill.

Amendment H2078-3A, an alternative to H2078-2A, would also allow the individual to purchase prior service credit, except that the payment terms would be the payment of contributions plus 8.5 percent annual interest rather than a full actuarial value payment.

Laws 1998, Chapter 390, Article 4, Section 3, Subdivision 4

Subd. 4. [PURCHASE OF SERVICE CREDIT AUTHORIZATION; MIDDLE MANAGEMENT ASSOCIATION EMPLOYEE.] (a) Notwithstanding Minnesota Statutes, sections 352.01, subdivision 2, and 352.029, subdivision 1, and Minnesota Statutes 1997 Supplement, section 352.01, subdivision 2a, an eligible employee described in paragraph (b) is eligible for membership in the Minnesota state retirement system general plan and is eligible to purchase service credit in that plan as specified in paragraph (d).

(b) An eligible employee is a person who:

(1) has been employed by the middle management association since February 14, 1994; and

(2) was born on September 13, 1958.

(c) An eligible employee in paragraph (b) remains eligible for membership in the Minnesota state retirement system general plan, under this subdivision, while the individual remains employed by the middle management association or a successor organization providing contribution requirements and other general requirements for membership are met.

(d) An eligible employee under paragraph (b) is entitled to purchase service credit in the Minnesota state retirement system general plan for the period of service prior to the effective date of this act for service with the middle management association. An eligible employee may not purchase service credit for any period during which the employer has made contributions on behalf of the employee to a defined contribution pension plan or for any period during which the employee or the employer have made contributions to a defined benefit pension plan covering public, nonprofit, or private sector employees, other than a volunteer firefighter relief association governed by Minnesota Statutes, chapter 424A. Authority to make the payment terminates on July 1, 1999, or upon termination of employment with the middle management association, whichever is earlier.

## 352.01, Minnesota Statutes 2006

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### 352.01 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or context clearly indicates that a different meaning is intended, the terms defined in this section, for the purposes of this chapter, have the meanings given them.

Subd. 2. **State employee.** "State employee" means any employee or officer in the classified and unclassified service of the state. The term also includes the special classes of persons listed in subdivision 2a but excludes the special classes of persons listed in subdivision 2b.

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
  - (2) employees of the State Horticultural Society;
  - (3) employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;
  - (4) employees of the Minnesota Crop Improvement Association;
  - (5) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;
  - (6) employees of the Minnesota State Colleges and Universities employed under the university or college activities program;
  - (7) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
  - (8) employees of the Armory Building Commission;
  - (9) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
  - (10) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
  - (11) employees of the Minnesota Safety Council;
  - (12) any employees on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
  - (13) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control Commission, or Metropolitan Radio Board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;
  - (14) judges of the Tax Court;
  - (15) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
  - (16) seasonal help in the classified service employed by the Department of Revenue; and
  - (17) persons employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4.
- (b) Employees specified in paragraph (a), clause (15), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

## 352.029, Minnesota Statutes 2006

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### 352.029 COVERAGE FOR EMPLOYEES OF LABOR ORGANIZATIONS.

Subdivision 1. **Qualifications.** Unless specifically excluded under section 352.01, subdivision 2b, a state employee on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the general state employees retirement plan of the Minnesota State Retirement System for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

Subd. 2. **Election.** A person described in subdivision 1 shall be covered by the system if written election to be covered is delivered to the executive director before December 31, 1992, within 90 days of being employed by the labor organization, or within 90 days of starting the first leave of absence with an exclusive bargaining agent, whichever is later.

Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary for a labor organization employee who qualifies for membership under this section or section 352.75 is limited to the lesser of:

- (1) the employee's actual salary as defined under section 352.01, subdivision 13; or
- (2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 352.115, subdivision 10, applies in the event that the person who elected coverage under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota State Retirement System by virtue of that employment.

Subd. 3. **Contributions.** The employee and employer contributions required by section 352.04, or by section 352.92 for employees covered by section 352.91, are the obligation of the employee who chooses coverage under this section. However, the employing labor organization may pay the employer contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section 352.91.

Subd. 4. [Repealed, 1992 c 432 art 1 s 11]

Subd. 5. **Board membership excluded.** Employees of a labor organization who become members of the system under this section are not eligible for election to the board of directors.

**History:** 1977 c 429 s 13; 1981 c 224 s 45; 1Sp1985 c 7 s 5; 1987 c 229 art 6 s 1; 1990 c 570 art 10 s 3; 1992 c 432 art 1 s 2,3; 1994 c 528 art 4 s 1-3

## 353.017, Minnesota Statutes 2006

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### 353.017 EMPLOYEES OF LABOR ORGANIZATIONS.

Subdivision 1. **Qualifications.** Unless specifically exempt under section 353.01, subdivision 2b, a coordinated member of the association who is on an authorized leave of absence, and who is an employee of a labor organization that represents public employees who are association members may elect, under subdivision 2, to continue to be a coordinated member with respect to employment by the labor organization subject to the limitations set forth in subdivisions 4 and 7.

Subd. 2. **Election.** A person described in subdivision 1 is covered by the association if written election to be covered is delivered to the association within six months of employment by the labor organization or within six months after July 1, 1993, whichever is applicable.

Subd. 3. **Contributions.** The employee, employer and additional employer contributions are the obligation of the employee who elects coverage herein in accord with this chapter; provided, however, the employer, labor organization may pay the employer and additional employer contributions. The employer shall, in any event, deduct the necessary contributions from the employee's salary, subject to the limitations under subdivision 6, and remit all contributions to the public employees retirement association under section 353.27, subdivisions 4, 7, 10, 11, subdivision 12.

Subd. 4. MS 1980 [Repealed, 1982 c 404 s 10]

Subd. 4. **Termination of membership for retirement eligibility.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 353.37, subdivision 1, applies in the event that the person who elected coverage under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Public Employees Retirement Association by virtue of that employment.

Subd. 5. **Board membership excluded.** Persons who become association members pursuant to this section shall not be eligible for election to the board of trustees.

Subd. 6. **Reemployment of annuitant.** The annuity of a person otherwise eligible for an annuity under this chapter is subject to the provisions of section 353.37.

Subd. 7. **Limitations on salary and contributions.** The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 353.01, subdivision 10; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

The limited covered salary determined under this subdivision must be used in determining employee and employer contributions under section 353.27, subdivisions 2, 3, subdivision 3a, and in determining retirement annuities and other benefits under this chapter and chapter 356.

**History:** 1975 c 102 s 4; 1978 c 796 s 27; 1979 c 216 s 5; 1986 c 444; 1993 c 307 art 4 s 16; 1994 c 528 art 2 s 5; art 4 s 4-7



## 354.41, Minnesota Statutes 2006

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### 354.41 TEACHERS RETIREMENT ASSOCIATION, ELIGIBILITY FOR MEMBERSHIP.

Subdivision 1.[Repealed, 1974 c 289 s 59]

Subd. 2. **Teachers.** Every teacher in the service of the state or one of its governmental subdivisions as a teacher, except persons specifically excluded, must become a member of the association by the acceptance of such employment.

Subd. 3.[Repealed, 1989 c 319 art 2 s 28]

Subd. 4. **Membership eligibility for labor organization employees.** (a) A person who is a member on an authorized leave of absence and is employed as an employee or officer by a labor organization that is the exclusive bargaining agent or the labor organization's state affiliate representing teachers covered by this chapter or by an association of school administrators may elect to be a coordinated member of the association based on that employment, subject to the limitations set forth in subdivisions 4a and 4b. However, no person is entitled to membership under this section if the person also is a member of a teachers retirement association in a city of the first class organized under chapter 354A for the same period of service.

(b) The election must be made within 90 days of commencing employment by the labor organization.

Subd. 4a. **Limitations on salary and contributions.** The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 354.05, subdivision 35; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 354.42, subdivisions 2, 3, and 5, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Subd. 4b. **Earning restrictions apply.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 4 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 354.44, subdivision 5, applies in the event that the person who elected coverage under subdivision 4 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota Teachers Retirement Association by virtue of that employment.

Subd. 5. **Contributions for labor organization employees.** For all members described in subdivision 4, the employee, employer and additional employer contributions shall be the obligation of the employee who elects coverage herein; provided, however, that the employer organization enumerated in subdivision 4 employing such member may pay the employer and additional employer contributions. The employer shall, in any event, deduct the necessary contributions from the employee's salary and remit all contributions to the teachers retirement association pursuant to section 354.42, except that if any such member is on leave of absence from a governmental employer unit, these contributions shall be forwarded by the employer organization to the governmental employer unit for remittance to the fund as described in this chapter.

Subd. 6.[Repealed, 1981 c 224 s 276]

Subd. 7. **Exceptions.** Members of the association as described in subdivision 4 or 9 and employees of the teachers retirement association are not eligible for election to the board of trustees.

Subd. 8.[Repealed, 1981 c 224 s 276]

Subd. 9.[Repealed, 1Sp2001 c 10 art 12 s 3]

**History:** Ex1957 c 16 s 3; Ex1959 c 50 s 27,28; 1967 c 693 s 1; 1971 c 40 s 15; 1973 c 728 s 13; 1975 c 306 s 10-13; 1977 c 67 s 6,13; 1977 c 97 s 2; 1978 c 796 s 41,42; 1981 c 160 s 5; 1986 c 444; 1989 c 319 art 13 s 55; 1991 c 340 s 19; 1992 c 598 art 3 s 2; 1994 c 465 art 3 s 31; 1994 c 528 art 4 s 8-10; 1995 c 141 art 3 s 20; 1Sp2001 c 10 art 12 s 1; 1Sp2005 c 8 art 10 s 58

- 1.1 ..... moves to amend H.F. No. 2078; S.F. No. 1457, as follows:
- 1.2 Page 1, line 10, after "person" insert "born on ..... and who became"
- 1.3 Page 1, line 11, delete "whose employment began after January 1, 2007" and insert
- 1.4 "on ..... "
- 1.5 Page 1, after line 16, insert:
- 1.6 "**EFFECTIVE DATE.** This section is effective the day after final enactment."

1.1 ..... moves to amend H.F. No. 2078; S.F. No. 1457, as follows:

1.2 Page 1, after line 16, insert:

1.3 "(d) An eligible employee under paragraph (b) is entitled to purchase allowable service  
1.4 credit in the Minnesota State Retirement System general plan for the period of service  
1.5 prior to the effective date of this section for service with the Middle Management  
1.6 Association by making payment under section 356.551.

1.7 (e) An eligible employee may not purchase service credit for any period during  
1.8 which the employer has made contributions on behalf of the employee to a defined  
1.9 contribution pension plan or for any period during which the employee or the employer  
1.10 have made contributions to a defined benefit pension plan covering public, nonprofit, or  
1.11 private sector employees, other than a volunteer firefighter relief association governed by  
1.12 Minnesota Statutes, chapter 424A.

1.13 (f) Authority to make the payment under paragraph (d) terminates on July 1, 2008,  
1.14 or upon termination of employment with the Middle Management Association, whichever  
1.15 is earlier."

1.1 ..... moves to amend H.F. No. 2078; S.F. No. 1457, as follows:

1.2 Page 1, after line 16, insert:

1.3 "(d) An eligible employee under paragraph (b) is entitled to purchase allowable service  
1.4 credit in the Minnesota State Retirement System general plan for the period of service  
1.5 prior to the effective date of this section for service with the Middle Management  
1.6 Association. The payment must equal the total employee and employer contributions  
1.7 given the contribution rates in section 352.04, subdivisions 2 and 3, multiplied by the  
1.8 employee's average monthly salary rate as of the effective date of this section, multiplied  
1.9 by the months and portions of a month for which service credit is purchased. Payment  
1.10 must include compound interest at the rate of 0.71 percent per month from the date of hire  
1.11 until the last day of the month in which payment is received by the executive director.

1.12 (e) An eligible employee may not purchase service credit for any period during  
1.13 which the employer has made contributions on behalf of the employee to a defined  
1.14 contribution pension plan or for any period during which the employee or the employer  
1.15 have made contributions to a defined benefit pension plan covering public, nonprofit, or  
1.16 private sector employees, other than a volunteer firefighter relief association governed by  
1.17 Minnesota Statutes, chapter 424A.

1.18 (f) Authority to make the payment under paragraph (d) terminates on July 1, 2008,  
1.19 or upon termination of employment with the Middle Management Association, whichever  
1.20 is earlier."

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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **2078**

March 13, 2007

Authored by Murphy, M.; and Murphy, E.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act  
1.2 relating to retirement; authorizing membership in the Minnesota State Retirement  
1.3 System general plan for certain middle management association employees.

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

1.5 Section 1. MSRS MEMBERSHIP AUTHORIZATION; MIDDLE  
1.6 MANAGEMENT ASSOCIATION EMPLOYEE.

1.7 (a) Notwithstanding Minnesota Statutes, sections 352.01, subdivisions 2 and 2a; and  
1.8 352.029, subdivision 1, an eligible employee described in paragraph (b) is eligible for  
1.9 membership in the Minnesota State Retirement System general plan.

1.10 (b) An eligible employee is a person employed by the middle management  
1.11 association whose employment began after January 1, 2007.

1.12 (c) An eligible employee in paragraph (b) remains eligible for membership in the  
1.13 Minnesota State Retirement System general plan, under this section, while the individual  
1.14 remains employed by the middle management association or a successor organization  
1.15 providing contribution requirements and other general requirements for membership are  
1.16 met.