



H.F. xxxx

S.F. 1418
(Wergin)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Public Employees Police and Fire Retirement Plan (PERA-P&F)
Relevant Provisions of Law: Proposed special law
General Nature of Proposal: Joint-and-survivor annuity for the surviving spouse of a deceased retiree who elected a single-life annuity
Date of Summary: March 27, 2007

Specific Proposed Changes

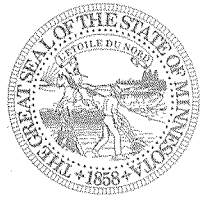
- Requires that a joint-and-survivor annuity be created approximately ten years after death of the primary annuitant, who elected a PERA-P&F single life annuity, justified by claimed failure of PERA to provide proper notice of the implications of the various annuity forms.

Policy Issues Raised by the Proposed Legislation

1. Concern about precedent; request is contrary to the prohibition against revising annuity form after benefit commences.
2. Whether there is a valid claim that PERA caused harm and should provide a remedy.
3. Role of the survivor and the now-deceased PERA-P&F retiree in creating the lack of continuing coverage for spouse.
4. Cost to PERA and lack of PERA support for bill.
5. Long delay in seeking remedy.
6. Lack of repayment of single-life/joint-life payment differential.

Potential Amendment

S1418-1A makes the benefit retroactive to 1997, when the PERA-P&F retiree died.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director *EB*

RE: H.F. xxxx; S.F. 1418 (Wergin): PERA-P&F; Authorizing Payment to the Surviving Spouse of a Certain Deceased Retiree Who Elected a Single-Life Annuity

DATE: March 12, 2007

Summary of H.F. xxxx; S.F. 1418 (Wergin)

H.F. xxxx; S.F. 1418 (Wergin) would require the Public Employees Retirement Association (PERA) to provide an annuity to Rosemarie L. Zerwas, the surviving spouse of a deceased Public Employees Police and Fire Retirement Plan (PERA-P&F) retiree who had elected a single-life annuity, leaving no continuing coverage for his spouse upon his death. The annuity is to be computed as though a 100 percent joint-and-survivor annuity had been elected by the deceased member. The annuity is prospective only and commences on the first of the month following the effective date.

Public Pension Problem of Rosemarie L. Zerwas

Jerome Zerwas became a police officer in the White Bear Lake Police Department in 1952, with PERA-P&F coverage, and in 1961 he was promoted to acting chief. In 1968 he injured his left knee, had unsuccessful surgery to repair that injury, and began drawing a PERA-P&F disability benefit in 1975. The disability benefit included automatic surviving spouse coverage. When the Mr. Zerwas turned age 55, the PERA-P&F normal retirement age, the disability benefit ended and was replaced by a PERA-P&F retirement annuity. PERA-P&F retirement annuities do not provide automatic spousal coverage. If Mr. Zerwas wanted spousal coverage in the event of his death, he had to elect, at the time that the annuity was to be changed to a retirement benefit, a joint-and-survivor retirement annuity.

In January 1983, Mr. Zerwas filled out a notarized retirement benefit application form. He selected a normal retirement annuity (single-life annuity) rather than a joint-and-survivor annuity. That form clearly indicated that by electing a normal annuity there would be no annuity benefit to any surviving spouse. Thus, Mr. Zerwas' spouse had no continuing coverage after his death. In a letter dated February 16, 2005, PERA contends that Mr. Zerwas indicated on the application form that he was married but did not include his wife's name or address. Observing this, PERA sent him a letter (January 25, 1983) requesting the spouse's name and address. When PERA received that information, it sent a mailing on February 9, 1983 to the spouse by certified mail, indicating that Mr. Zerwas elected a single-life annuity. PERA received the certified mail card indicating that delivery had been made, signed by Mr. Zerwas rather than by his spouse, Rosemarie Zerwas.

A few years before Mr. Zerwas became a retiree rather than a disabilitant, the Legislature passed spousal notification requirements governing retirement annuities. The provision was codified as Section 356.371. Section 356.371, Subdivision 3, required PERA to notify the member's spouse about optional annuity forms before an annuity form is chosen by the member. Then, after the election, PERA was required to send a second notification including a copy of the completed annuity application to the spouse by certified mail.

There is no indication in the materials provided to Commission staff that the initial notification about optional annuity forms was provided to Mrs. Zerwas. Assuming notice was not provided, it is possible PERA was not aware Mr. Zerwas had a spouse until he filed the retirement application, checking the box indicating that he was married but failing to provide her name or address. PERA then sent him a letter asking for the spouse's name and address. When that information was provided, PERA sent by certified mail the spousal notification regarding the annuity form the member had elected. The statute at the time (1983) required a certified mailing, but did not require restricted delivery. A restricted delivery requirement was added to the law many years later. Thus, a certified mail card signed by Mr. Zerwas rather than by Mrs. Zerwas met the statutory second notice requirement.

Background Information on Joint-and-Survivor Annuity Forms

1. Joint-and-Survivor Annuities, In General. For most Minnesota public employee retirement plans, the total value of the retirement benefit is a function of the individual's salary near retirement and total years of service. An individual may choose to take that benefit in a variety of forms. A single-life annuity covers only the retiree's life. A joint-and-survivor annuity is an annuity form that provides coverage to

another individual in addition to the retired or disabled employee. The other individual is often a spouse, but it could also be another adult or a child, unless specifically restricted under the laws or bylaws governing a particular plan. With a joint-and-survivor annuity, the intent is to provide continuing income to the other individual for life, following the death of the primary annuitant. With a few exceptions, any of these annuities must have the same value whether it covers only the retired member, or the retired member and spouse, or some other individual or individuals. One of these exceptions is a subsidized bounce-back feature on joint-and-survivor annuities, which is discussed later.

To achieve this benefit equivalence requirement, when a joint-and-survivor annuity is selected the monthly benefit received by the primary annuitant must be reduced in order to finance the continuing coverage to the survivor. Otherwise, the total value received would be higher than that received by a comparable single individual, or a comparable married individual who decides not to take a joint-and-survivor annuity. The amount of the reduction is a function of the ages of the annuitant and designated beneficiary. If the retiree is male and the joint-and-survivor annuity provides coverage to a wife who is much younger than the primary annuitant, the amount of the monthly reduction can be quite large, due to the likelihood that the female will outlive the male by many years.

The amount of the reduction also depends upon the extent of the continuing coverage. Plans typically permit several different joint-and-survivor annuities. Under a 100 percent joint-and-survivor option, the designated beneficiary receives the same monthly benefit as before the death of the primary annuitant occurred. Because of the level of this continuing coverage, a 100 percent joint-and-survivor annuity requires a larger monthly reduction than options offering lesser continuing coverage. With a 50 percent joint-and-survivor option, the designated beneficiary would receive a monthly benefit that is half that previously received. Fifty percent, 75 percent, and 100 percent joint-and-survivor annuities are the most common joint-and-survivor offerings, but others also exist.

2. Plans with Subsidized Bounce-Back Feature on Joint-and-Survivor Annuities. There is a provision in many of the larger Minnesota state retirement plans (PERA plans, the Teachers Retirement Association (TRA), the first class city teacher plans, and most Minnesota State Retirement System (MSRS) plans) which slightly modifies the general actuarial equivalence requirement. In 1989, bounce-back provisions were added to the joint-and-survivor annuity laws in these plans. Under this modification, if the individual to receive the second half of the joint-and-survivor annuity predeceases the primary annuitant, the monthly benefit is restored (bounces back) to the monthly benefit level that would have been received if the individual had selected a single life annuity. In the plans with a subsidized feature, this bounce-back is provided without any further reduction in the monthly benefits to cover the cost of the bounce-back. The bounce-back cost is shifted to all employers and employees who fund the plan through their contributions.

Background Information on Section 356.46, Spousal Notification Provision

Minnesota Statutes, Section 356.46, is a statutory provision applying to all Minnesota public retirement plans which provide joint-and-survivor annuities as an option (the provision was enacted in 1981 and codified as Section 356.371, and was recodified in 2002 as Section 356.46). Subdivision 2 of the current statute requires the pension plan to provide the member, as part of the annuity application form, with a written statement summarizing all annuity types offered by the plan, including all optional annuities (primarily joint-and-survivor annuities). That information must include a general discussion of the consequences of selecting any of these options, a calculation of any reduction in the monthly annuity amount that would occur if the option is selected, and where the individual can obtain more detailed information.

Subdivision 3 requires that the pension plan administration send that same information to the member's spouse before the member elects an annuity form. Following the election by the member, the plan must send notice to the spouse of the form of annuity that the member selected, unless the spouse also signed the actual retirement annuity application. If that was not provided, a letter is sent to the spouse asking for signed acknowledgement confirming receipt of a copy of the completed retirement annuity form. If no response is made to that letter within 30 days, a second notice is sent to the spouse by certified restricted delivery.

This provision provides information to permit discussion of the best annuity under the specific circumstances for that couple. This procedure also helps to minimize requests to the Legislature to provide continuing income to a survivor spouse, in situations where the member elected a single life annuity and predeceases the spouse, including legislative requests to allow individuals to revise the annuity option many months or years after the annuity commenced. These elections are irrevocable. Allowing individuals to revise annuity options long after the annuity commences would increase plan costs. An individual might elect the single life annuity option, but when informed during retirement of a terminal illness, that individual might want to change the annuity form to provide continuing coverage to the spouse.

This provision is a notification provision only. Under Minnesota public pension law the retiring member has sole authority to select the annuity option that will govern the annuity.

Spousal Notification Requirements in the Early 1980s

The spousal notification requirement was added to pension plan law in the early 1980s following complaints by spouses of retirees that they were unaware that the retiree elected a normal (single-life) annuity, leaving the spouse without income from an annuity if the retiree died. The spousal notification provision that would have applied in the early 1980s, when Mr. Zerwas made his election, is stated in Minnesota Statutes 1982, Section 356.371. It is similar to the current law version. The spousal notification requirements in Subdivision 3 of that section required the member's spouse to be notified about optional annuity forms before the annuity is elected, and following the election the spouse was to be notified of the annuity that the member chose, by certified mail.

Consideration of Mandating Joint-and-Survivor Annuities in Marriage Situations

Despite the spousal notification requirement in law, sometimes a request is received for legislative relief when a constituent claims harm when a member failed to elect a joint-and-survivor annuity. H.F. 597 (Evans); S.F. 695 (Vickerman) was introduced in 2001 to address that general issue, proposing to mandate the election of a joint-and-survivor annuity if a retiring public pension plan member is married. The bill was scheduled to be heard by the Commission in 2001 but was withdrawn by the author(s).

Policy on Revising Annuity Forms

Revising annuity forms once an annuity commences is prohibited. The concern is selection against the pension fund, destroying the financial basis of the fund. With a properly funded plan, assets are sufficient if all assumptions used to determine necessary financing are satisfied, at least on average. One of those assumptions is life expectancy. Some individuals live longer than expected, with longer benefit payout periods than expected (resulting losses to the fund), but this is balanced by those who do not live as long as predicted (providing offsetting gains). If individuals were allowed to commence receipt of a single-life annuity, and later due to ill health are permitted to revise that choice to cover a second individual, that balance is destroyed, the plan's liabilities are expanded in unpredictably and the life expectancies underlying the financing and the benefits are rendered meaningless.

Discussion and Analysis

H.F. xxxx; S.F. 1418 (Wergin) would require PERA to provide an annuity to Rosemarie L. Zerwas, the surviving spouse of a deceased PERA-P&F retiree who had elected a single-life annuity, leaving no continuing coverage for his spouse upon his death. The annuity is to be computed as though a 100 percent joint-and-survivor annuity had been elected by the deceased member, except that payments on the annuity are prospective, commencing on the first of the month following the effective date.

The bill raises the following pension and related public policy issues:

1. General Prohibition Against Annuity Form Revision. Revising annuity forms once benefits commence is generally prohibited. The Legislature and the Commission occasionally receive requests to allow an annuity form to be changed. Those requests are rarely, if ever, granted. A recent request occurred in 2004, when the Commission heard H.F. 2180 (Sertich); S.F. 2228 (Tomassoni), which would have permitted a Hibbing school district employee covered by PERA-General, who retired in 1978 and elected a single-life annuity, to revise his annuity election to instead provide joint-and-survivor coverage for his spouse. The Commission heard the bill on March 10, 2004, but took no action. The current proposal raises more reservations than the 2004 bill, because the current bill would provide a joint-and-survivor annuity commencing ten years after the annuitant, who had elected a single-life annuity, died.
2. Commission Acting as a Judicial Body. To weigh the merits of the proposal and the issue of harm, the Commission would need to act as a judicial body rather than a legislative body, a role for which the Commission is not ideally equipped.
3. Question of Harm. The issue is whether there is a legitimate claim to financial harm. As noted in previous discussion, except for the minor impact of the bounce-back feature on joint-and-survivor annuities, a joint-and-survivor annuity and a single-life annuity are required to have an identical value. If a joint-and-survivor annuity were selected, the monthly payments while the primary annuitant is alive are reduced compared to the amount that would be received under a single-life annuity. These reductions

finance the continuing benefit that would be paid to the survivor following the death of the primary annuitant. If Mr. Zerwas lived to his expected life span, the benefit now being sought for Mrs. Zerwas has already been paid in full. It is the difference in present value terms between the monthly benefits received while Mr. Zerwas was alive, and the lesser monthly amounts that would have been received if Mr. Zerwas had elected a joint-and-survivor annuity. Thus, it can be argued that the legislative request is seeking a financial windfall, by providing full or partial double compensation.

4. Roles of the Various Parties. If the Commission were to conclude that some form of financial harm did occur, possibly worthy of compensation, the Commission would need to consider the role of the various parties. Some compensation might be appropriate if PERA caused harm, but the Commission may be reluctant to have the pension fund provide compensation if much of the blame rests with Mr. or Mrs. Zerwas.
 - a. PERA. The Commission may wish to consider whether PERA attempted to provide information to Mrs. Zerwas *prior to* the annuity election, as was required by the spousal notification law. There is no indication from the material provided to Commission staff that that initial notification occurred. One would assume that PERA would have had information regarding Mrs. Zerwas, assuming Mr. Zerwas provided it, on some form identifying beneficiaries. However, the available information suggests that PERA was not aware that Mr. Zerwas was married until PERA receive his retirement application form, on which he indicated that he was married, but apparently did not provide a spousal name or address. It was then that PERA requested that he identify his spouse and provide her address. By then it would have been too late to provide any notification to Mrs. Zerwas prior to the annuity election. In any event, the Commission may wish to consider that whether or not Mrs. Zerwas received information, she would have no authority under law to revise any annuity election that her husband made.

The Commission might also wish to consider whether PERA provided adequate counsel to Mr. Zerwas. Before he turned age 55 he was classified as a disabilitant. Disabilitants received automatic spousal coverage, but when he reached normal retirement age and would be transferred to the retirement roll, he would need to elect joint-and-survivor coverage if he was to provide spousal coverage. The question is whether PERA provide sufficient information to alert Mr. Zerwas to that matter. The Commission, however, might conclude that the bold lettering on the retirement annuity selection form, warning Mr. Zerwas that he would leave a spouse without any coverage by electing a normal annuity, is sufficient notice and warning.

- b. Rosemarie L. Zerwas. An issue is whether Mrs. Zerwas knew at any point prior to Mr. Zerwas' death about his election of a single-life annuity. She would have known if her husband had at any time discussed that information with her, or if he showed her the certified letter from PERA to alert her to that election, the certified letter for which Mr. Zerwas signed. At that point there was a self-help remedy. By saving and investing part of the monthly single-life annuity payments the couple received, the couple would have the equivalent of the coverage that is now being sought under this legislative draft, or the couple could have sought a source of continuing income to the spouse through life insurance or an annuity provided by a private sector annuity provider.
 - c. Jerome Zerwas. Because Mr. Zerwas died in 1997, it may not be possible to tell at this time whether he fully understood the annuity form that he elected, or the degree to which he shared annuity information with his wife. However, the annuity selection form which he signed does clearly indicate the implications of selecting a single-life annuity rather than a joint-and-survivor annuity. The description provided there of a normal annuity (single-life annuity) clearly indicates that no continuing coverage would be provided to the spouse following Mr. Zerwas' death, while descriptions of the joint-and-survivor annuity options provided on that same page clearly indicate that those options would provide continuing income to a surviving spouse following Mr. Zerwas' death. Another chance to better understand the situation and to share information occurred when PERA sent information to Mrs. Zerwas about the type of annuity that Mr. Zerwas had elected. This is the certified mailing for which Mr. Zerwas signed. There appear to be four possibilities. One is that Mr. and Mrs. Zerwas fully understood the situation but felt at the time that a joint-and-survivor annuity was not necessary because of personal wealth, other annuities, or other income sources expected to be available to Mrs. Zerwas. A second possibility is that both had the available information, but both failed to understand its implications. A third possibility is that Mr. Zerwas did not understand the implications of his action, and for some unknown reason did not share information with his spouse, including the certified mailing to her from PERA. A fourth is that Mr. Zerwas fully understood the situation and acted to withhold that information from his wife.

To the extent that Mr. Zerwas or Mrs. Zerwas were knowledgeable and created the current situation, the Commission might decide that a public pension fund should not be required to pay for harm imposed by others.

5. Cost to PERA-P&F. The issue is the cost that providing the annuity required by the bill will impose on PERA-P&F. PERA staff should be able to provide an estimate of that cost. An effort to revise the draft to make the annuity retroactive to Mr. Zerwas' death would add to the policy concerns and the cost.
6. Actuarial Condition of PERA-P&F. Based on the most recent actuarial study for the plan (July 1, 2006), PERA-P&F has \$243 million in unfunded liability and has a 95 percent funding ratio. The required contributions to the plan, as determined by the actuary, to cover normal cost, plan expenses, and to retire the unfunded liability by the plan's full funding date, is over seven percent of payroll (\$47.2 million) more than the contributions being made to plan given the contribution rates in law. Contribution rate increases are being phased in over the next few years in an effort to address this contribution deficiency problem.

PERA-P&F 2006		
<u>Membership</u>		
Active Members		10,591
Service Retirees		4,756
Disabilitants		765
Survivors		1,280
Deferred Retirees		999
Nonvested Former Members		<u>757</u>
Total Membership		19,148
<u>Funded Status</u>		
Accrued Liability		\$5,260,564,020
Current Assets		<u>\$5,017,950,719</u>
Unfunded Accrued Liability		\$242,613,301
Funding Ratio	95.39%	
<u>Financing Requirements</u>		
Covered Payroll		\$668,088,065
Benefits Payable		\$264,601,229
Normal Cost	22.32%	\$149,097,708
Administrative Expenses	<u>0.11%</u>	<u>\$734,897</u>
Normal Cost & Expense	22.43%	\$149,832,605
Normal Cost & Expense	22.43%	\$149,832,605
Amortization	3.14%	<u>\$20,977,965</u>
Total Requirements	25.57%	\$170,810,570
Employee Contributions	7.40%	\$49,438,517
Employer Contributions	11.10%	\$74,157,775
Employer Add'l Cont.	0.00%	\$0
Direct State Funding	0.00%	\$0
Other Govt. Funding	0.00%	\$0
Administrative Assessment	<u>0.00%</u>	<u>\$0</u>
Total Contributions	18.50%	\$123,596,292
Total Requirements	25.57%	\$170,810,570
Total Contributions	<u>18.50%</u>	<u>\$123,596,292</u>
Deficiency (Surplus)	7.07%	\$47,214,278

7. Apparent Delay in Seeking Remedy. The issue is whether a remedy was sought promptly. Mr. Zerwas died in 1997, and PERA-P&F annuity payments stopped at that time. Any delay in seeking a remedy would undermine a contention of need, or the contention that Mrs. Zerwas was not aware that a single-life annuity had been selected. The written materials provided to Commission staff suggest that the termination of the annuity was not questioned until sometime in 2005, by Terry Zerwas, presumably a son of Mr. and Mrs. Zerwas, rather than by Mrs. Zerwas. The Commission may wish to determine through testimony whether there were earlier actions seeking a remedy.
8. Other Income Sources. The question whether Mr. and Mrs. Zerwas thought they had sufficient wealth, or took advantage of the self-help remedies discussed previously (insurance, saving and investing the difference between a single-life and joint-and-survivor monthly annuity amount), making any remedy at the current time unnecessary.

9. PERA's Position on the Proposal. The issue is whether the proposal would be supported by PERA. The attached materials suggest that PERA would oppose the bill, given PERA's stated contention in the attachments that PERA met its legal requirements in dealing with this matter.
10. Lack of Repayment of Single Life/Joint-and-Survivor Annuity Differential. The issue is the failure in the draft to require a repayment to PERA-P&F of the accumulated differential between the monthly annuity payments that were received under the single-life annuity while Mr. Zerwas was alive, compared to the lower monthly amounts that would have been paid over that period if Mr. Zerwas had selected a joint-and-survivor annuity. Such a repayment seems appropriate if the intention is to provide treatment similar to that which would have occurred if Mr. Zerwas had elected a joint-and-survivor annuity rather than a single-life annuity. Practical problems, however, with such a requirement is that Mrs. Zerwas would need to make a large lump sum payment to PERA-P&F before annuity payments to her could commence, and Mrs. Zerwas would be provided with little or no net gain, and possibly a financial loss.
11. Precedent. The issue is that this proposal, unless there is a clear determination that errors were made by PERA and that those errors were sufficiently grievous to justify revising an annuity form years after the annuitant died, will lead to similar requests, and serve to undermine the probability structure and financial base of Minnesota public pension funds.

Potential Amendment

Amendment S1418-1A would make the benefit retroactive to 1997, the date of the retired member's death. This would raise the additional policy concern of the appropriateness of retroactivity and the added cost to the plan.

MARK DAYTON
MINNESOTA

COMMITTEES:
AGRICULTURE, NUTRITION,
AND FORESTRY
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May 23, 2006

The Honorable Betsy Wergin
Minnesota State Senate
100 Reverend Martin Luther King Jr. Boulevard
Room 125
Saint Paul, Minnesota 55155-1206

Dear Senator Wergin:

I am writing on behalf of Mr. Terry Zerwas, who is having a dispute with the Public Employees Retirement Association of Minnesota. Please find the original letter enclosed.

I know this is a difficult situation, but I hope that you may be able to help Mr. Zerwas.

My best regards.

Sincerely,



Mark Dayton
United States Senator

Attachment

MD:mrs

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222 MAIN STREET, SUITE 200
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RENVILLE, MINNESOTA 56284
(320) 905-3007

To: SENATOR MARK DAYTON
123 RUSSELL SENATE OFFICE BUILDING
WASHINGTON DC 20510

From: TERRY L. ZERWAS
18949-149TH ST. NW
ELK RIVER MN 55330

Date: April 23, 2006

Re: ROSEMARIE L. ZERWAS WIDOW OF JEROME E. ZERWAS LT. WHITE BEAR LAKE
PD

T, MN
433613

Dear Senator Mark Dayton,

I'm writing this letter to you because my Mother Rosemarie Zerwas is in need of your help. My Father Jerome E. Zerwas Passed away on October 5, 1997 my father was a Retired Detective Lt. for White Bear Lake Police Department for 21 years and after he passed away my mother was left without any PERA benefits. I have learned now that my mother was not given a choice when my father retired on disability, she did not sign or see any documents in regards to this.

I feel this is very wrong and it needs to be corrected. I have sent letters to PERA with no luck in them resolving this issue. I belong to PERA I have been a member since 1977 and I feel that it does not need any bad press and my intention was to keep this out of the press but with the evidence that I have and the reaction that I have received from PERA I feel I must move this forward. You are my last chance before I call the news media. Below is a timeline of what has taken place.

Timeline:

Jerome E. Zerwas

1952- Started as Patrolman for White Bear Lake Police Department.

1957- Jerome is promoted to Patrol Lt.

1961- Jerome is promoted to acting Chief.

1968- Jerome injured left knee during his job duties

1972- Jerome has surgery to correct his injured knee

1973- Jerome after a year 1/2 in a wheel chair and crutches Jerome returns to work and is put in a desk job which is very restrictive and his condition worsens.

1974 - Goes out on Disability. PERA & Worker's Compensation.

1982- When Jerome Zerwas turns 55 and must go on full PERA he fills out Application for Retirement Annuity with PERA checks **Normal Box** on Application he fills out the rest of the application but leaves out Rosemarie Zerwas from this document but **checks the Married box**. Signed, Dated, and Notarized. Date PERA Received **(January 19, 1983)**.

January 25, 1983 PERA **noticed** that Jerome Zerwas did not fill in his Spouse's Name and sent Jerome a letter informing him that he must fill in the information of Spouse's name, Address, Date of Birth and he signed the document. The letter states that he must send the letter with the information back or he will not receive any benefits. He sends the letter back to PERA and they receive it Dated **January 28, 1983**.

February 9, 1983 Letter Addressed to Mrs. Rosemarie L. Zerwas informing her that **she** has a choice in the selection and that **her spouse** has chosen **(Personal Lifetime)** Annuity and if **SHE** has any Questions concerning his selection to contact them, PERA. Letter was sent Certified Mail. P217 650 676

It was signed by Jerome Zerwas.

Senator Dayton, My Mother had sacrificed over 21 years of her life she was there for my father through his Police career just like all other wives of policeman she never knew if he was coming home. She was there through his recovery from a Blotched surgery when he was left crippled from that surgery and my Mother nursed and waited on my father until the day he died.

On February 7, 2005 I contacted PERA and asked them to look into my fathers PERA benefits for my mother they said he had exhausted all benefits when he died! And that no benefits were owed to my mother and that she had to have signed off on it otherwise she would be getting benefits due to her.

I told them at that time that my mother had not signed anything from PERA or anyone else, they said that was **impossible** and if she had not signed she would be the **first** in there history to not do so!

The PERA representative said that they would send the documentation **proving** this! I received a letter Dated February 9, 2005 with a copy of my Fathers Retirement Application and a copy of my Mothers Acknowledgment Letter which was **not** signed or Acknowledged by my Mother but **Acknowledged** and **signed** by my Father Jerome Zerwas. **I feel that they did not prove it as I was told they would!**

I then had a friend who is a lawyer send a letter to **Attorney General Mike Hatch** his name is Dan Cunningham in hopes that they would listen to him but to no avail.

On February 16, 2005 I received a letter from PERA and in that letter from Allen B. Eldridge Pension Services Manager stated that in 1983 MN Statutes required PERA to send a copy of the completed retirement application to the spouse by certified mail. He goes on to state that the law did not require that it be sent by restricted delivery, which would have required the post office to obtain my mothers signature instead it just required any signature, **so the neighbor could have signed it even a monkey could have put his X on that piece of paper and it would have been ok I guess in PERA's eyes. So the bottom line is that my Mother was not given a choice in this matter.**

In the letter dated February 17, 2005 it goes on to state that the law was amended in 2002 to require that the letters be sent to the spouses by certified mail and restricted delivery, I wonder how many spouses out there have been cheated out of benefits by there husbands and PERA? If my mother would have divorced my father she would be getting benefits, but because they stuck it there marriage out she gets none! (0)

Senator Dayton, This is not right! This is an injustice to all who have been wronged by this weak wording in the law! And what makes matters worse is that not to long ago maybe 1-2 months ago former **Mayor Kelly** had made a mistake that would have cost him dearly and **PERA was able to forgive his mistake and correct it** so he wouldn't be hurt by his own mistake. **There have been a few more exceptions made to servicemen who didn't have the required amount of time in for benefits for there spouses but again exceptions were made for them!!**

I'm not writing because I'm asking for an exception it is clear that PERA made a mistake and they need to make it right for my mother, and if they need to make one more exception she could live with that!

In conclusion:

My mother **did not** make a mistake! **The main problem is that SHE didn't have a choice!** I feel she was required by law to make a choice for herself and to sign off on it. And she wasn't given that choice. It was not up to my father to make it for her! And It was required by law even

back then, PERA checked and found that my father didn't include her in his benefits and PERA sent it back but if they would have went one step more when they noticed that Jerome Zerwas signed it and not Rosemarie Zerwas and required her signature as required by law and if she would have signed it I wouldn't even bother anyone with this.

Senator Dayton,

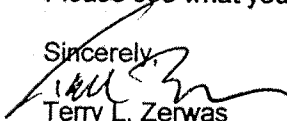
I know you fight for the people that have been wronged by the big Government and the quagmire it sometimes makes this is just plain and simply wrong!
I will include all copies sent to date by myself and Mr. Cunningham please look this over and give me your opinion my Mother maybe needs an exception just like all of the others!

I can be contacted at 612-221-6601

I'm Director of Buildings and Grounds for St. Michael- Albertville Schools I'm sorry I missed you the other day I hope you enjoyed our High School I also hope Mark Minkler wasn't too hard on you? This is his last year so we will be giving him grief until he retires!

Please see what you can do in this matter.

Sincerely,


Terry L. Zerwas

Public Employees Retirement Association of Minnesota
60 Empire Drive, Suite 200
Saint Paul, Minnesota 55103-2088
Member Information Services: 651-296-7460 or 1-800-652-9026
Employer Response Lines: 651-296-3636 or 1-898-892-7372
PERA Fax Number: 651-297-2547
PERA Website: www.mnpera.org

February 9, 2005

TERRY ZERWAS
18949 149TH ST
ELK RIVER, MN 55330

DEAR TERRY ZERWAS:

We are pleased to enclose the information you requested. If you have any questions or need more information, please contact one of our benefit counselors at 651-296-7460, or at our toll-free number 1-800-652-9026.

<u>Publication name</u>	<u>No. of Copies</u>
Copy of Father's Retirement Application	1
Copy of Mother's Acknowledgment letter	1

Sincerely,

PERA Benefit Counselor

Enc.

①

Complete this section only if you selected a Joint and Survivor Annuity.

I hereby designate the following person as my joint annuitant, whose birth date, Social Security number and sex are as follows:

Name of Joint Annuitant
Street Address
City, State, Zip

Signature of Joint Annuitant		
Birth Date	Soc. Sec. No.	Sex
		<input type="checkbox"/> Female
		<input type="checkbox"/> Male

- I further state that I was born on Dec 3rd, 1927, substantiated by evidence supplied by me; that I do not receive any other retirement benefit authorized by law for public employees or state employees, pursuant to which any period of public service required for annuity under this chapter is also a requisite in establishing eligibility for any such other retirement benefit; and that should I re-enter public service as a non-elective officer or employee of a political subdivision, I agree to report such circumstances promptly to the Public Employees Retirement Association.
- If Bounce Back 50% or 100% optional annuity is selected and joint annuitant dies, I agree to furnish the association with copy of death certificate.
 - If married, state law requires that a copy of this completed application be mailed to your spouse under separate cover. I further state that I am: married; unmarried

Spouse's Name
Spouse's Birth Date

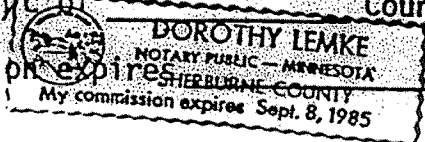
Spouse's Address
City, State, Zip

Signature of Applicant
Street Address
City, State, Zip

22817 Meadowdale Rd
Elk River, MN 55330

Subscribed and sworn to before me this 17th day of January, 1983

Dorothy Lemke
Notary Public of _____ County
My commission expires _____
15021



(2)

RECEIVED
/81)

JAN 19 1982

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

PUBLIC EMPLOYEE
RETIREMENT ASSN

APPLICATION FOR RETIREMENT ANNUITY

D. 12-3-82

Member's Name	
ME E. ZERWAS	
Member Number	Social Security No.
186	XXXXXXXXXX

Unit No.	Governmental Unit
Department	

I hereby state that I have permanently terminated public service (will permanently terminate public service) effective 12-3-82, 1982, and do hereby make application to the Board of Trustees of the Public Employees Retirement Association for a retirement annuity pursuant to applicable provisions of Minnesota Statutes, Chapter 353, as amended, specified below.

CHECK THE TYPE OF ANNUITY FOR WHICH YOU WISH TO APPLY. CHECK ONLY ONE.

Normal.

Annuity terminates at death. NO BENEFIT FOR SURVIVOR. Complete Sections C and E.

Regular 50% Joint and Survivor.

If you are survived by the joint annuitant named in Section B, he/she will receive a monthly amount equal to one-half of the sum being paid to you at death. If the joint annuitant dies before you, your monthly payment would not change. Complete Sections B, C and E.

Regular 100% Joint and Survivor.

If you are survived by the joint annuitant named in Section B, he/she will receive the monthly sum being paid to you at death. If the joint annuitant dies before you, your monthly payment would not change. Complete Sections B, C and E.

Bounce Back 50% Joint and Survivor.

If you are survived by the joint annuitant named in Section B, he/she will receive a monthly amount equal to one-half of the sum being paid to you at death. Should your joint annuitant die before you, your monthly payment would change to the Normal personal annuity. Complete Sections B, C and E.

Bounce Back 100% Joint and Survivor.

If you are survived by the joint annuitant named in Section B, he/she will receive the monthly sum being paid to you at death. Should your joint annuitant die before you, your monthly payment would change to the Normal personal annuity. Complete Sections B, C and E.



PERA

public employees retirement association

OFFICERS:
Donald J. Sandeen, Chairperson
Clifford Dahl, Vice Chairperson
James F. Lord, Treasurer
C. Mike McLaren, Executive Director

Member No. 801186

January 25, 1983

RECEIVED

JAN 28 1983

Mr. Jerome E. Zerwas
22817 Meadowvale Road
Elk River, MN 55330

PUBLIC EMPLOYEE
RETIREMENT ASSOCIATION

Dear Mr. Zerwas:

Under Minnesota State Law, effective July 1, 1981, all public pension funds are required to send retirement estimates and copy of final application indicating annuity selection to a member's spouse. Please check proper box below and, if married, include spouse's name, current address and birth date. Sign and return the letter to our office in the enclosed self-addressed envelope.

Unmarried

Married:

Spouse's name ROSEMARIE L. ZERWAS

Spouse's current mailing address

22817 MEADOWVALE RD
ELK RIVER, MN 55330

Spouse's birth date 2-4-31

Member's Signature:

Jerome E. Zerwas

This information must be received before benefits can be paid. If you have any questions, please do not hesitate to contact us.

Your attention in this matter will be appreciated, and for your convenience in replying, we enclose a return envelope.

Very truly yours,

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Colleen Ryan-Nelson

Disability Section

DS/ska5-6
Enc.

4

Member No. 801186

February 9, 1983

Mrs. Rosemarie L. Zerwas
22817 Meadowvale Road
Elk River, MN 55330

Dear Mrs. Zerwas:

As required by law, we are enclosing a copy of the retirement application that was completed and filed with this office by your spouse.

Your spouse has selected the normal (personal lifetime) annuity. In the event of death, a refund of any balance in the account would be paid to the designated beneficiary.

If you have any questions concerning this annuity selection, please feel free to contact our office.

Very truly yours,

CRW

Disability Section

DS:sk

PS Form 3800, Apr. 1976

CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
RESTRICTED DELIVERY	
CERTIFIED MAIL	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND ADDRESS OF DELIVERY	
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

P 217 650 676
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL
(See Reverse)

5

PS Form 3811, Dec. 1980

● SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space
on reverse.

(CONSULT POSTMASTER FOR FEES)

- 1. The following service is requested (check one).
 - Show to whom and date delivered _____
 - Show to whom, date, and address of delivery _____
- 2. RESTRICTED DELIVERY
(The restricted delivery fee is charged in addition to the return receipt fee.) _____

TOTAL \$ _____

3. ARTICLE ADDRESSED TO: _____

4. TYPE OF SERVICE:
- REGISTERED INSURED
 - CERTIFIED COD
 - EXPRESS MAIL

ARTICLE NUMBER _____

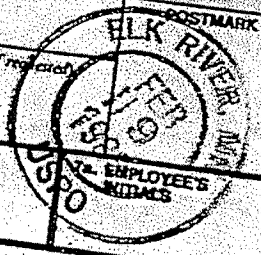
(Always obtain signature of addressee or agent)
I have received the article described above.

SIGNATURE Addressee Authorized agent

Prane Zewon

DATE OF DELIVERY _____

5. ADDRESSEE'S ADDRESS (Only if restricted)



7. UNABLE TO DELIVER BECAUSE: _____

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

(Handwritten mark)

Public Employees Retirement Association of Minnesota
60 Empire Drive, Suite 200
Saint Paul, Minnesota 55103-2088
Member Information Services: 651-296-7460 or 1-800-652-9026
Employer Response Lines: 651-296-3636 or 1-888-892-7372
PERA Fax Number: 651-297-2547
PERA Website: www.mnpera.org



February 16, 2005

TERRY ZERWAS
18949 149TH ST
ELK RIVER MN 55330

Dear MR ZERWAS:

In response to your request, we have reviewed our records concerning the account of your father, Jerome E. Zerwas. Your father was covered by PERA's Police and Fire Plan through his employment as a law enforcement officer for the City of White Bear Lake.

Effective September 10, 1975, your father began receiving a monthly disability benefit from PERA. He was eligible for this benefit until his 55th birthday, at which time PERA's law required him to transfer from Disability status to Retirement status.

While your father was receiving disability benefits under the Police and Fire Plan, he had automatic survivor coverage for his spouse. If your father had died as an active disabled member, his wife would have received a monthly lifetime survivor benefit. Once a member reaches retirement age and is receiving a retirement benefit the member must choose between a single life benefit or a survivor benefit that provides for the named beneficiary to receive a lifetime benefit upon the death of the retiree.

In January 1983, when your father filled out his retirement application and signed before a notary, he selected the Normal (single life benefit) payable for his lifetime only. On that application he noted that he was married but did not provide the name of his spouse. Because of this omission, PERA sent your father a letter dated January 25, 1983 asking for the name and address of his spouse. Your father completed that document and it was received back in our office with the requested information on January 28, 1983.

Upon the death of Jerome Zerwas on October 5, 1997, payments from his account stopped and the account was closed because with the single life benefit, payments cease the first of the month following the death of the member.

In 1983, Minnesota Statutes required PERA to send a copy of the completed retirement application to the spouse by certified mail. That copy of the application along with a cover letter was sent to Rosemarie L. Zerwas on February 9, 1983 by certified mail. PERA then received back the certified mail card from the post office. Jerome Zerwas signed it. The law in 1983, required PERA to send a copy of the completed retirement

A handwritten mark, possibly a signature or initials, consisting of a large, stylized letter 'D' or a similar shape.

Page 2
February 17, 2005

application to Rosemarie Zerwas at her home address. The law did not require that the application be sent by restricted delivery, which would have required the post office to obtain Rosemarie Zerwas's signature on the certified mail card instead of a signature from someone stating that the letter had been delivered to the correct address.

In 2002 the law was amended by the state legislature to require that the letters to spouses be sent by certified mail with restricted delivery.

Based on the law in effect on the date that your father filed his retirement application with PERA, our office fulfilled the statutory requirement of sending out the notice to the member's spouse.

If you have any additional questions, please contact our office.

Sincerely,



Allen B. Eldridge
Pension Services Manager





STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH
ATTORNEY GENERAL

April 13, 2005

SUITE 900
445 MINNESOTA STREET
ST. PAUL, MN 55101-2127
TELEPHONE: (651) 297-1075

Dan Cunningham
Attorney at Law
17824 Cobblestone Way
Eden Prairie, MN 55347

Re: Zerwas Family

Dear Mr. Cunningham:

Please be advised that I serve as the legal representative for the Public Employees Retirement Association and am responding to your letter to Allen Eldridge at PERA, dated March 30, 2005.

Your letter sets forth the reasons why PERA should commence the payment of a retirement annuity benefit to Jerome Zerwas' deceased spouse, Rosemarie Zerwas.

The facts underlying your claim are as follows: Jerome Zerwas began receiving monthly disability benefits from PERA's police and fire pension plan on September 10, 1975. At age 55, he was eligible to select an optional form of annuity; either a single life benefit or a survivor benefit. In January, 1983, Jerome selected the single life benefit. On his application, he indicated that he was married but did not provide the name of his spouse. Because of this omission, PERA sent Jerome a letter dated January 25, 1983, asking for the name and address of his spouse. Jerome completed that document and it was received back by PERA on January 28, 1983. Prior to the commencement of the payment of benefits, PERA sent a copy of the completed retirement application to Rosemarie Zerwas at her home address. It is your claim that since Jerome signed the certified mail receipt for that notice, it never reached the attention of Rosemarie.

Based on what transpired, you claim that a defective notice was issued by PERA in 1983 and PERA should therefore be liable at the present time to pay a survivor benefit to Rosemarie.

Please be advised that PERA can not honor your request for several reasons.

First, the spousal notification provision that existed in 1983, Minn. Stat. § 356.371, subd. 3, only required that a completed annuity application be sent by certified mail to the spouse of the retiring member. PERA fully complied with the requirements of the 1983 law.

9

Dan Cunningham

April 13, 2005

Page 2

Second, even if PERA had not fully complied with the requirements of § 356.371, which is not accurate, there is no penalty or remedy provided for the failure to comply. For that matter, the statute does not even address what would happen if a spouse objected to the option chosen.

Third, it was not until the year 2002 that the spousal notification requirement was changed to require a signed acknowledgment from the spouse confirming receipt of a copy of the completed retirement application and a subsequent restricted delivery if the acknowledgment is not received. Minn. Stat. § 356.46 (2004). Again, the statute did not address what would happen if the procedures were not followed, or if a spouse objected to the option chosen. Minn. Stat. § 356.46 cannot be applied retroactively to cover the situation in 1983. Moreover, even if it could, no penalty results from a lack of compliance.

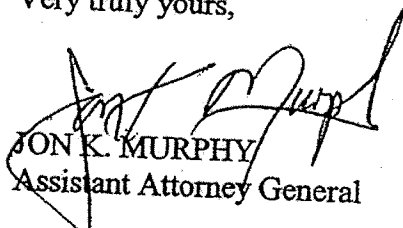
Fourth, Minn. Stat. § 353.29, subd. 7 provides that any annuity once granted must not be increased, decreased, or revoked except under chapter 353. Nothing under chapter 353 allows for the change or revocation of the annuity that was granted in 1983.

Fifth, PERA began making benefit payments to Mr. Zerwas in 1983. Again, PERA believes it fully complied with the applicable statutory requirements as they existed in 1983. However, even to the extent that it did not and a court in equity could remedy this situation, any applicable statute of limitations would appear to have expired some time ago.

Consequently, on behalf of PERA, I must decline participating in further discussions or meetings regarding this matter. PERA lacks the authority to issue the benefit you request.

Finally, as you are probably aware, federal ERISA law does require a mandatory joint and survivor benefit for private pension plans. This benefit can only be waived by a written agreement signed by the spouse. Federal ERISA law does not apply to governmental plans. On several occasions Attorney General Mike Hatch has attempted to get similar legislation adopted here to protect the spouses of Minnesota's public employees. His proposal did not meet with a great deal of legislative enthusiasm and prompted a lengthy critical memorandum from the Legislative Pension Commission's staff. Nevertheless, situations such as the one you have raised demonstrate the merits of conforming state law to federal law on this issue.

Very truly yours,


JON K. MURPHY
Assistant Attorney General

(651) 296-6956 (Voice)

(651) 297-4139 (Fax)

356.371 APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.

Subdivision 1. **Definitions.** As used in this section, the following terms shall have the meanings given.

(1) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension fund, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(2) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity or disability benefit amount to the surviving spouse in the event of the death of the retired member.

(3) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension fund.

(4) "Public pension fund" means a public pension plan as defined pursuant to section 356.60, subdivision 1, clause (a).

(5) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension fund is entitled on account of attaining a specified age and acquiring credit for a specified period of service, which shall include a retirement annuity, retirement allowance or service pension.

(6) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension fund is entitled on account of a physical or mental inability to engage in specified employment.

Subd. 2. **Provision of information on annuity forms.** Every public pension fund which provides for an annuity form other than a single life retirement annuity as an option which can be elected by an active, disabled or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form and the procedure to be followed to obtain more information from the public pension fund concerning the optional annuity forms provided by the fund.

Subd. 3. **Requirement of notice to member's spouse.** If a public pension fund provides optional annuity forms which include a joint and survivor optional annuity form potentially applicable to the surviving spouse of a member, the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member prior to the member's election of an optional annuity.

Following the election of an annuity form by the member, a copy of the completed annuity application shall be sent by certified mail to the spouse of the retiring member.

History: 1981 c 68 s 29; 1981 c 156 s 6; 1982 c 578 art 3 s 9,10

356.46, Minnesota Statutes 2006

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356.46 APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.

Subdivision 1. **Definitions.** As used in this section, each of the following terms shall have the meaning given.

(a) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension fund, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(b) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity or disability benefit amount to the surviving spouse in the event of the death of the retired member.

(c) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension plan.

(d) "Public pension plan" means a public pension plan as defined under section 356.63, paragraph (b).

(e) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension fund is entitled due to attaining a specified age and acquiring credit for a specified period of service, which includes a retirement annuity, retirement allowance, or service pension.

(f) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension fund is entitled due to a physical or mental inability to engage in specified employment.

Subd. 2. **Provision of information on annuity forms.** Every public pension plan which provides for an annuity form other than a single life retirement annuity as an option which can be elected by an active, disabled, or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form, and the procedure to be followed to obtain more information from the public pension fund concerning the optional annuity forms provided by the plan.

Subd. 3. **Requirement of notice to member's spouse.** (a) If a public pension plan provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

(b) Following the election of a retirement annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the public pension plan to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form, unless the spouse's signature confirming the receipt is on the annuity application form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension plan must send another copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

History: 2002 c 392 art 11 s 35; 2003 c 2 art 1 s 41

1.1 moves to amend H.F. No.; S.F. No. 1418, as follows:

1.2 Page 2, line 7, delete "prospective only" and insert "retroactive to October 5, 1997"

Senator Wergin introduced-

S.F. No. 1418: Referred to the Committee on State and Local Government Operations and Oversight.

1.1 A bill for an act
 1.2 relating to retirement; Public Employees Retirement Association police and
 1.3 fire fund; authorizing a joint and survivor annuity for a surviving spouse of a
 1.4 deceased retiree who elected a straight life annuity.

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

1.6 Section 1. PERA POLICE AND FIRE JOINT AND SURVIVOR ANNUITY FOR
 1.7 SURVIVING SPOUSE.

1.8 Subdivision 1. Purpose. The annuity provided by this section is intended to
 1.9 compensate for harm caused by the Public Employees Retirement Association, by its
 1.10 failure to provide proper notice of the implications of various annuity forms.

1.11 Subd. 2. Eligibility. (a) Notwithstanding the election of a straight life annuity
 1.12 and prohibitions against revising an annuity form, a person specified in paragraph (b)
 1.13 is authorized to receive a joint and survivor annuity as specified in subdivision 3 upon
 1.14 satisfying the requirements specified in subdivision 4.

1.15 (b) An eligible person is the surviving spouse of a person who:

1.16 (1) was born on December 3, 1927;

1.17 (2) was employed by the White Bear Lake Police Department beginning in 1952,
 1.18 with coverage by the Public Employees Retirement Association police and fire plan;

1.19 (3) was injured in 1968 while performing job related duties;

1.20 (4) began receiving a Public Employees Retirement Association police and fire plan
 1.21 disability benefit effective September 10, 1975;

1.22 (5) filed an application for a retirement annuity, received by the Public Employees
 1.23 Retirement Association on January 19, 1983, in which he elected a normal retirement
 1.24 benefit rather than a joint and survivor annuity; and

2.1 (6) died on October 5, 1997.

2.2 Subd. 3. Annuity. The annuity is the second half of a joint and survivor annuity
2.3 computed as if the deceased Public Employees Retirement Association police and fire
2.4 plan retiree had elected this annuity rather than a straight life annuity. The monthly
2.5 annuity payments must reflect all applicable postretirement adjustments that would have
2.6 occurred since the deceased began drawing a retirement annuity in 1983. The annuity is
2.7 prospective only and commences on the first day of the month following the effective
2.8 date of this section.

2.9 Subd. 4. Annuity application. An eligible person described in subdivision 2,
2.10 paragraph (b), shall apply in writing on forms provided by the executive director of the
2.11 Public Employees Retirement Association for the annuity provided by this section.
2.12 The application must be made before July 1, 2008, and must include all necessary
2.13 documentation of the applicability of this section and any other relevant information
2.14 which the executive director may require.

2.15 Effective date. This section is effective the day following final enactment.