

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 545

(SENATE AUTHORS: ROSEN and Pappas)

DATE
02/02/2017

D-PG
488

OFFICIAL STATUS
Introduction and first reading
Referred to State Government Finance and Policy and Elections

A bill for an act

1.1
1.2 relating to retirement; making administrative changes to the Minnesota State
1.3 Retirement System, Teachers Retirement Association, Public Employees Retirement
1.4 Association, and St. Paul Teachers Retirement Fund Association; clarifying refund
1.5 repayment procedures; modifying executive director credentials; clarifying service
1.6 requirements; revising appeal procedures; modifying service credit purchase
1.7 procedures; establishing new procedures for disability applications due to private
1.8 disability insurance requirements; clarifying disability benefit payment provisions;
1.9 modifying annual benefit limitations for federal tax code compliance; authorizing
1.10 use of IRS correction procedures; clarifying benefit offsets for certain refund
1.11 payments; clarifying police and fire plan coverage for certain Hennepin Healthcare
1.12 System supervisors; modifying various economic actuarial assumptions; adopting
1.13 recommendations of the Volunteer Firefighter Relief Association Working Group;
1.14 increasing relief association lump-sum service pension maximums; lowering certain
1.15 vesting requirements for Eden Prairie Volunteer Firefighters Relief Association;
1.16 adopting definition of the Hometown Heroes Act related to public safety officer
1.17 death benefits; allowing service credit purchase and Rule of 90-eligibility for
1.18 certain Minnesota Department of Transportation employees; authorizing MnSCU
1.19 employees to elect retroactive and prospective TRA coverage; authorizing MnSCU
1.20 employee to transfer past service from IRAP to PERA; increasing maximum
1.21 employer contribution to a supplemental laborers pension fund; authorizing certain
1.22 additional sources of retirement plan funding; making technical and conforming
1.23 changes; amending Minnesota Statutes 2016, sections 3A.03, subdivisions 2, 3;

ARTICLE 7

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS

Sec. 6. Minnesota Statutes 2016, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each

41.1 defined benefit relief association shall calculate and certify to the governing body of the
 41.2 applicable municipality the average amount of available financing per active covered
 41.3 firefighter for the most recent three-year period. The amount of available financing includes
 41.4 any amounts of fire state aid and police and firefighter retirement supplemental state aid
 41.5 received or receivable by the relief association, any amounts of municipal contributions to
 41.6 the relief association raised from levies on real estate or from other available revenue sources
 41.7 exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued
 41.8 liabilities of the relief association calculated under section 424A.092, subdivision 2;
 41.9 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

41.10 (b) The maximum service pension which the defined benefit relief association has
 41.11 authority to provide for in its bylaws for payment to a member retiring after the calculation
 41.12 date when the minimum age and service requirements specified in subdivision 1 are met
 41.13 must be determined using the table in paragraph (c) or (d), whichever applies.

41.14 (c) For a defined benefit relief association where the governing bylaws provide for a
 41.15 monthly service pension to a retiring member, the maximum monthly service pension amount
 41.16 per month for each year of service credited that may be provided for in the bylaws is the
 41.17 greater of the service pension amount provided for in the bylaws on the date of the calculation
 41.18 of the average amount of the available financing per active covered firefighter or the
 41.19 maximum service pension figure corresponding to the average amount of available financing
 41.20 per active covered firefighter:

| 41.21 | Minimum Average Amount of Available Financing per Firefighter | Maximum Service Pension Amount Payable per Month for Each Year of Service |
|-------|--|---|
| 41.24 | \$... | \$.25 |
| 41.25 | 41 | .50 |
| 41.26 | 81 | 1.00 |
| 41.27 | 122 | 1.50 |
| 41.28 | 162 | 2.00 |
| 41.29 | 203 | 2.50 |
| 41.30 | 243 | 3.00 |
| 41.31 | 284 | 3.50 |
| 41.32 | 324 | 4.00 |
| 41.33 | 365 | 4.50 |
| 41.34 | 405 | 5.00 |
| 41.35 | 486 | 6.00 |
| 41.36 | 567 | 7.00 |
| 41.37 | 648 | 8.00 |

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|-------|------|-------|
| 42.1 | 729 | 9.00 |
| 42.2 | 810 | 10.00 |
| 42.3 | 891 | 11.00 |
| 42.4 | 972 | 12.00 |
| 42.5 | 1053 | 13.00 |
| 42.6 | 1134 | 14.00 |
| 42.7 | 1215 | 15.00 |
| 42.8 | 1296 | 16.00 |
| 42.9 | 1377 | 17.00 |
| 42.10 | 1458 | 18.00 |
| 42.11 | 1539 | 19.00 |
| 42.12 | 1620 | 20.00 |
| 42.13 | 1701 | 21.00 |
| 42.14 | 1782 | 22.00 |
| 42.15 | 1823 | 22.50 |
| 42.16 | 1863 | 23.00 |
| 42.17 | 1944 | 24.00 |
| 42.18 | 2025 | 25.00 |
| 42.19 | 2106 | 26.00 |
| 42.20 | 2187 | 27.00 |
| 42.21 | 2268 | 28.00 |
| 42.22 | 2349 | 29.00 |
| 42.23 | 2430 | 30.00 |
| 42.24 | 2511 | 31.00 |
| 42.25 | 2592 | 32.00 |
| 42.26 | 2673 | 33.00 |
| 42.27 | 2754 | 34.00 |
| 42.28 | 2834 | 35.00 |
| 42.29 | 2916 | 36.00 |
| 42.30 | 2997 | 37.00 |
| 42.31 | 3078 | 38.00 |
| 42.32 | 3159 | 39.00 |
| 42.33 | 3240 | 40.00 |
| 42.34 | 3321 | 41.00 |
| 42.35 | 3402 | 42.00 |
| 42.36 | 3483 | 43.00 |
| 42.37 | 3564 | 44.00 |
| 42.38 | 3645 | 45.00 |

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|-------|------|-------|
| 43.1 | 3726 | 46.00 |
| 43.2 | 3807 | 47.00 |
| 43.3 | 3888 | 48.00 |
| 43.4 | 3969 | 49.00 |
| 43.5 | 4050 | 50.00 |
| 43.6 | 4131 | 51.00 |
| 43.7 | 4212 | 52.00 |
| 43.8 | 4293 | 53.00 |
| 43.9 | 4374 | 54.00 |
| 43.10 | 4455 | 55.00 |
| 43.11 | 4536 | 56.00 |
| 43.12 | 4617 | 57.00 |
| 43.13 | 4698 | 58.00 |
| 43.14 | 4779 | 59.00 |
| 43.15 | 4860 | 60.00 |
| 43.16 | 4941 | 61.00 |
| 43.17 | 5022 | 62.00 |
| 43.18 | 5103 | 63.00 |
| 43.19 | 5184 | 64.00 |
| 43.20 | 5265 | 65.00 |
| 43.21 | 5346 | 66.00 |
| 43.22 | 5427 | 67.00 |
| 43.23 | 5508 | 68.00 |
| 43.24 | 5589 | 69.00 |
| 43.25 | 5670 | 70.00 |
| 43.26 | 5751 | 71.00 |
| 43.27 | 5832 | 72.00 |
| 43.28 | 5913 | 73.00 |
| 43.29 | 5994 | 74.00 |
| 43.30 | 6075 | 75.00 |
| 43.31 | 6156 | 76.00 |
| 43.32 | 6237 | 77.00 |
| 43.33 | 6318 | 78.00 |
| 43.34 | 6399 | 79.00 |
| 43.35 | 6480 | 80.00 |
| 43.36 | 6561 | 81.00 |
| 43.37 | 6642 | 82.00 |
| 43.38 | 6723 | 83.00 |

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|-------|-------------------------|--------|
| 44.1 | 6804 | 84.00 |
| 44.2 | 6885 | 85.00 |
| 44.3 | 6966 | 86.00 |
| 44.4 | 7047 | 87.00 |
| 44.5 | 7128 | 88.00 |
| 44.6 | 7209 | 89.00 |
| 44.7 | 7290 | 90.00 |
| 44.8 | 7371 | 91.00 |
| 44.9 | 7452 | 92.00 |
| 44.10 | 7533 | 93.00 |
| 44.11 | 7614 | 94.00 |
| 44.12 | 7695 | 95.00 |
| 44.13 | 7776 | 96.00 |
| 44.14 | 7857 | 97.00 |
| 44.15 | 7938 | 98.00 |
| 44.16 | 8019 | 99.00 |
| 44.17 | 8100 | 100.00 |
| 44.18 | any amount in excess of | |
| 44.19 | 8100 | 100.00 |

44.20 (d) For a defined benefit relief association in which the governing bylaws provide for a
44.21 lump-sum service pension to a retiring member, the maximum lump-sum service pension
44.22 amount for each year of service credited that may be provided for in the bylaws is the greater
44.23 of the service pension amount provided for in the bylaws on the date of the calculation of
44.24 the average amount of the available financing per active covered firefighter or the maximum
44.25 service pension figure corresponding to the average amount of available financing per active
44.26 covered firefighter for the applicable specified period:

| 44.27 | Minimum Average Amount of Available | Maximum Lump-Sum Service Pension |
|-------|-------------------------------------|---|
| 44.28 | Financing per Firefighter | Amount Payable for Each Year of Service |
| 44.29 | \$... | \$ 10 |
| 44.30 | 11 | 20 |
| 44.31 | 16 | 30 |
| 44.32 | 23 | 40 |
| 44.33 | 27 | 50 |
| 44.34 | 32 | 60 |
| 44.35 | 43 | 80 |
| 44.36 | 54 | 100 |
| 44.37 | 65 | 120 |

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|-------|------|------|
| 45.1 | 77 | 140 |
| 45.2 | 86 | 160 |
| 45.3 | 97 | 180 |
| 45.4 | 108 | 200 |
| 45.5 | 131 | 240 |
| 45.6 | 151 | 280 |
| 45.7 | 173 | 320 |
| 45.8 | 194 | 360 |
| 45.9 | 216 | 400 |
| 45.10 | 239 | 440 |
| 45.11 | 259 | 480 |
| 45.12 | 281 | 520 |
| 45.13 | 302 | 560 |
| 45.14 | 324 | 600 |
| 45.15 | 347 | 640 |
| 45.16 | 367 | 680 |
| 45.17 | 389 | 720 |
| 45.18 | 410 | 760 |
| 45.19 | 432 | 800 |
| 45.20 | 486 | 900 |
| 45.21 | 540 | 1000 |
| 45.22 | 594 | 1100 |
| 45.23 | 648 | 1200 |
| 45.24 | 702 | 1300 |
| 45.25 | 756 | 1400 |
| 45.26 | 810 | 1500 |
| 45.27 | 864 | 1600 |
| 45.28 | 918 | 1700 |
| 45.29 | 972 | 1800 |
| 45.30 | 1026 | 1900 |
| 45.31 | 1080 | 2000 |
| 45.32 | 1134 | 2100 |
| 45.33 | 1188 | 2200 |
| 45.34 | 1242 | 2300 |
| 45.35 | 1296 | 2400 |
| 45.36 | 1350 | 2500 |
| 45.37 | 1404 | 2600 |
| 45.38 | 1458 | 2700 |

| | | |
|-------|------|------|
| 46.1 | 1512 | 2800 |
| 46.2 | 1566 | 2900 |
| 46.3 | 1620 | 3000 |
| 46.4 | 1672 | 3100 |
| 46.5 | 1726 | 3200 |
| 46.6 | 1753 | 3250 |
| 46.7 | 1780 | 3300 |
| 46.8 | 1820 | 3375 |
| 46.9 | 1834 | 3400 |
| 46.10 | 1888 | 3500 |
| 46.11 | 1942 | 3600 |
| 46.12 | 1996 | 3700 |
| 46.13 | 2023 | 3750 |
| 46.14 | 2050 | 3800 |
| 46.15 | 2104 | 3900 |
| 46.16 | 2158 | 4000 |
| 46.17 | 2212 | 4100 |
| 46.18 | 2265 | 4200 |
| 46.19 | 2319 | 4300 |
| 46.20 | 2373 | 4400 |
| 46.21 | 2427 | 4500 |
| 46.22 | 2481 | 4600 |
| 46.23 | 2535 | 4700 |
| 46.24 | 2589 | 4800 |
| 46.25 | 2643 | 4900 |
| 46.26 | 2697 | 5000 |
| 46.27 | 2751 | 5100 |
| 46.28 | 2805 | 5200 |
| 46.29 | 2859 | 5300 |
| 46.30 | 2913 | 5400 |
| 46.31 | 2967 | 5500 |
| 46.32 | 3021 | 5600 |
| 46.33 | 3075 | 5700 |
| 46.34 | 3129 | 5800 |
| 46.35 | 3183 | 5900 |
| 46.36 | 3237 | 6000 |
| 46.37 | 3291 | 6100 |
| 46.38 | 3345 | 6200 |

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|-------|------|--------|
| 47.1 | 3399 | 6300 |
| 47.2 | 3453 | 6400 |
| 47.3 | 3507 | 6500 |
| 47.4 | 3561 | 6600 |
| 47.5 | 3615 | 6700 |
| 47.6 | 3669 | 6800 |
| 47.7 | 3723 | 6900 |
| 47.8 | 3777 | 7000 |
| 47.9 | 3831 | 7100 |
| 47.10 | 3885 | 7200 |
| 47.11 | 3939 | 7300 |
| 47.12 | 3993 | 7400 |
| 47.13 | 4047 | 7500 |
| 47.14 | 4101 | 7600 |
| 47.15 | 4155 | 7700 |
| 47.16 | 4209 | 7800 |
| 47.17 | 4263 | 7900 |
| 47.18 | 4317 | 8000 |
| 47.19 | 4371 | 8100 |
| 47.20 | 4425 | 8200 |
| 47.21 | 4479 | 8300 |
| 47.22 | 4533 | 8400 |
| 47.23 | 4587 | 8500 |
| 47.24 | 4641 | 8600 |
| 47.25 | 4695 | 8700 |
| 47.26 | 4749 | 8800 |
| 47.27 | 4803 | 8900 |
| 47.28 | 4857 | 9000 |
| 47.29 | 4911 | 9100 |
| 47.30 | 4965 | 9200 |
| 47.31 | 5019 | 9300 |
| 47.32 | 5073 | 9400 |
| 47.33 | 5127 | 9500 |
| 47.34 | 5181 | 9600 |
| 47.35 | 5235 | 9700 |
| 47.36 | 5289 | 9800 |
| 47.37 | 5343 | 9900 |
| 47.38 | 5397 | 10,000 |

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|-------|------------------------------------|---------------------------------|
| 48.1 | any amount in excess of | |
| 48.2 | <u>5451</u> | <u>10,100</u> |
| 48.3 | 5397 <u>5505</u> | 10,000 <u>10,200</u> |
| 48.4 | <u>5559</u> | <u>10,300</u> |
| 48.5 | <u>5613</u> | <u>10,400</u> |
| 48.6 | <u>5667</u> | <u>10,500</u> |
| 48.7 | <u>5721</u> | <u>10,600</u> |
| 48.8 | <u>5775</u> | <u>10,700</u> |
| 48.9 | <u>5829</u> | <u>10,800</u> |
| 48.10 | <u>5883</u> | <u>10,900</u> |
| 48.11 | <u>5937</u> | <u>11,000</u> |
| 48.12 | <u>5991</u> | <u>11,100</u> |
| 48.13 | <u>6045</u> | <u>11,200</u> |
| 48.14 | <u>6099</u> | <u>11,300</u> |
| 48.15 | <u>6153</u> | <u>11,400</u> |
| 48.16 | <u>6207</u> | <u>11,500</u> |
| 48.17 | <u>6261</u> | <u>11,600</u> |
| 48.18 | <u>6315</u> | <u>11,700</u> |
| 48.19 | <u>6369</u> | <u>11,800</u> |
| 48.20 | <u>6423</u> | <u>11,900</u> |
| 48.21 | <u>6477</u> | <u>12,000</u> |
| 48.22 | <u>6531</u> | <u>12,100</u> |
| 48.23 | <u>6585</u> | <u>12,200</u> |
| 48.24 | <u>6639</u> | <u>12,300</u> |
| 48.25 | <u>6693</u> | <u>12,400</u> |
| 48.26 | <u>6747</u> | <u>12,500</u> |
| 48.27 | <u>6801</u> | <u>12,600</u> |
| 48.28 | <u>6855</u> | <u>12,700</u> |
| 48.29 | <u>6909</u> | <u>12,800</u> |
| 48.30 | <u>6963</u> | <u>12,900</u> |
| 48.31 | <u>7017</u> | <u>13,000</u> |
| 48.32 | <u>7071</u> | <u>13,100</u> |
| 48.33 | <u>7125</u> | <u>13,200</u> |
| 48.34 | <u>7179</u> | <u>13,300</u> |
| 48.35 | <u>7233</u> | <u>13,400</u> |
| 48.36 | <u>7287</u> | <u>13,500</u> |
| 48.37 | <u>7341</u> | <u>13,600</u> |
| 48.38 | <u>7395</u> | <u>13,700</u> |

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| 49.1 | <u>7449</u> | <u>13,800</u> |
| 49.2 | <u>7503</u> | <u>13,900</u> |
| 49.3 | <u>7557</u> | <u>14,000</u> |
| 49.4 | <u>7611</u> | <u>14,100</u> |
| 49.5 | <u>7665</u> | <u>14,200</u> |
| 49.6 | <u>7719</u> | <u>14,300</u> |
| 49.7 | <u>7773</u> | <u>14,400</u> |
| 49.8 | <u>7827</u> | <u>14,500</u> |
| 49.9 | <u>7881</u> | <u>14,600</u> |
| 49.10 | <u>7935</u> | <u>14,700</u> |
| 49.11 | <u>7989</u> | <u>14,800</u> |
| 49.12 | <u>8043</u> | <u>14,900</u> |
| 49.13 | <u>8097</u> | <u>15,000</u> |
| 49.14 | <u>any amount in excess of</u> | |
| 49.15 | <u>8097</u> | <u>15,000</u> |

49.16 (e) For a defined benefit relief association in which the governing bylaws provide for a
 49.17 monthly benefit service pension as an alternative form of service pension payment to a
 49.18 lump-sum service pension, the maximum service pension amount for each pension payment
 49.19 type must be determined using the applicable table contained in this subdivision.

49.20 (f) If a defined benefit relief association establishes a service pension in compliance
 49.21 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 49.22 amount of available financing per active covered firefighter is subsequently reduced because
 49.23 of a reduction in fire state aid or because of an increase in the number of active firefighters,
 49.24 the relief association may continue to provide the prior service pension amount specified
 49.25 in its bylaws, but may not increase the service pension amount until the minimum average
 49.26 amount of available financing per firefighter under the table in paragraph (c) or (d), whichever
 49.27 applies, permits.

49.28 (g) No defined benefit relief association is authorized to provide a service pension in an
 49.29 amount greater than the largest applicable flexible service pension maximum amount even
 49.30 if the amount of available financing per firefighter is greater than the financing amount
 49.31 associated with the largest applicable flexible service pension maximum.

49.32 (h) The method of calculating service pensions must be applied uniformly for all years
 49.33 of active service. Credit must be given for all years of active service except for caps on
 49.34 service credit if so provided in the bylaws of the relief association.

50.1 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) For relief associations other than the
50.2 Eden Prairie volunteer firefighters relief association, this section is effective January 1,
50.3 2018.

50.4 (b) For the Eden Prairie volunteer firefighters relief association, this section is effective
50.5 the day after the city council of Eden Prairie and its chief clerical officer timely complete
50.6 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, or January
50.7 1, 2018, whichever is earlier.