

FROM: Edward Burek, Deputy Director  
RE: Summary of Amendment LCPR05-281; Additional Omnibus Retirement Bill Items  
DATE: April 25, 2005

### Introduction

The additional items recommended by the Legislative Commission on Pensions and Retirement at its April 20, 2005, and April 22, 2005, meetings have been aggregated into an amendment to the 2005 omnibus retirement bill previously assembled by the Commission as S.F. 427 (Betzold); H.F. 2092 (Smith). The additional omnibus retirement bill amendment is attached, as LCPR05-281.

### Source Legislation for Amendment LCPR05-281

Amendment LCPR05-281 includes the contents of the following retirement bills:

1. S.F. 1557 (Betzold); H.F. 1738 (Murphy): MnSCU IRAP/TRA; Allowing Up to Five Years to Elect TRA Coverage.
2. S.F. 1963 (Betzold); H.F. xxx: PERA; Privatized Water and Wastewater Facility Employees Coverage Elimination.
3. S.F. xxx; H.F. 1504 (Thissen): Minneapolis Firefighters Relief Association (MFRA); Service Pension and Disability Benefit Amounts.
4. Amendment A05-0388: Minneapolis Police Relief Association; Remove From Law Service Pension Schedules Applicable if Funding Ratio is Less Than 90 Percent.
5. Document LCPR05-091: PERA-General; Providing Interest on Minneapolis Community Development Agency (MCDA) Service Credit Purchase Payment Overages.
6. S.F. 2192 (Kelley); H.F. 2365 (Latz): PERA-P&F; Survivor Benefits Provided to the Spouse of a Police Officer Killed While on Active Duty in Iraq.
7. S.F. xxx; H.F. 853 (Kelliher): MERF; Executive Director Salary; Fund Investment, and Transfer Liquidity Flexibility.
8. S.F. 1758 (Jungbauer); H.F. 1648 (Abeler): TRA; Service Credit Purchase for Extended Leave of Absence.
9. S.F. 2250 (Pogemiller); H.F. 2466 (Smith): Hennepin County Supplemental Retirement Program; Authorizing the Minnesota State Retirement System to Administer the Program.
10. Document LCPR05-245: Permitting Rollovers of Reemployed Annuitant Earnings Limitation Accumulations.

### General Summary

1. Minnesota State Colleges and Universities (MnSCU) Plan Selection Date Changes. Employees of MnSCU will elect between the higher Education Individual Retirement Account (IRAP) and TRA up to one year after commencing service, rather than within the first 90 days. (Page 3, line 26, to page 4, line 19.)
2. Policy Change for Privatized Water and Wastewater Facility Employees. Following the privatization of the water facility or wastewater treatment facility, employees will be terminated from continued active membership in the Public Employees Retirement Association (PERA). (Page 6, line 22, to page 7, line 20.)

3. Minneapolis Firefighters Relief Association (MFRA) and Minneapolis Police Relief Association (MPRA) Plan Changes and Clarifications. The service pension amounts for the MPRA associated with less than 90 percent funding levels, and the service pension amounts for the MFRA associated with less than 90 percent funding levels and less than 92.5 percent funding levels are stricken, and the MFRA is prohibited from re-computing the duty-related disability benefits upon reaching retirement age. Local approval is required. (Page 12, line 11, to page 15, line 36.)
4. Correction of Errors, Minneapolis Community Development Agency (MCDA) Service Credit Purchase Payments Overages. PERA is authorized to provide interest on refunds to members due to errors in reported salaries used to compute past service credit purchases. (Page 5, line 24, to page 6, line 15.)
5. Benefit for Spouse of PERA-P&F Member Killed in Iraq. The spouse of a PERA-P&F member killed in Iraq while on military duty is permitted to receive a PERA-P&F surviving spouse benefit, although the couple was not married for the minimum one year prior to death as required under PERA law. Requires approval by the PERA Board. (Page 24, line 8, to page 25, line 8.)
6. Minneapolis Employees Retirement Fund (MERF) Executive Director Salary Cap Removed; Additional Asset Transfer Flexibility. MERF Executive Director's salary would be set by the MERF Board and removed from any salary cap; MERF is allowed to make an accounts receivable transfer to the Retired Fund rather than transferring cash or assets. Requires local approval. (Page 16, line 9, to page 24, line 4.)
7. Teacher Retirement Association (TRA) Extended Leave of Absence Contribution Clarifications. TRA's extended leave of absence provision is clarified regarding interest requirements. (Page 1, line 7, to page 2, line 20, and page 25, line 9, and page 26, line 25.)
8. MSRS to Administer Hennepin County Supplemental Retirement Plan. The administration of the Hennepin County Supplemental Retirement Plan will be transferred to the Minnesota State Retirement System (MSRS). Local approval is required. (Page 7, line 26, to page 12, line 2, and page 15, lines 25 to 36.)
9. Authorizing Rollovers from Reemployed Annuitant Earnings Limitation Accounts. Individuals will be permitted to rollover amounts from a reemployed annuitant earnings limitation account, rather than being required to take a lump sum. (Page 2, line 22, to page 3, line 18.)

**Provision-By-Provision Summary of Amendment LCPR05-281**

Amendment LCPR05-281, containing the additional retirement legislation recommendations of the Legislative Commission on Pensions and Retirement through April 20, 2005, includes the following retirement law changes, arranged by the articles of the 2005 Omnibus Retirement bill, S.F. 427 (Betzold); H.F. 2092 (Smith), that are amended or the articles that are proposed for addition to S.F. 427 (Betzold); H.F. 2092 (Smith).

<u>Sec.</u>	<u>Page, Lines</u>	<u>Retirement Plan</u>	<u>Source Bill(s)</u>	<u>Stat. Provision</u>	<u>Summary</u>
<b><u>Article 4: Actuarial, Financial and Other Generally Applicable Changes</u></b>					
4	Page 1, Lines 7-36 Page 2, Lines 1-20	TRA	S.F. 1758 (Jungbauer) H.F. 1648 (Abeler)	354.094, Subdivision 1	Clarifies the handling of employee contributions from pretax savings vehicles for members on extended leaves of absence.
7	Page 2, Lines 22-36 Page 3, Lines 1-18	Various Retirement Plans	Documents LCPR05-245 and LCPR05-259	356.47, Subdivision 3	Permits the rollover of amounts in the reemployed annuitant earnings limitation account to other tax-qualified plans rather than a lump sum distribution.
<b><u>Article 5: Membership Inclusions and Exclusions</u></b>					
7	Page 3, Lines 26-36 Page 4, Lines 1-20	MnSCU-IRAP	S.F. 1557 (Betzold) H.F. 1738 (Murphy)	354B.21, Subd. 2	Extends the period for the election of prospective TRA membership from 90 days to one year.
8	Page 3, Lines 21-36 Page 4, Lines 1-19	MnSCU-IRAP	S.F. 1557 (Betzold) H.F. 1738 (Murphy)	354B.21, Subd. 3	Adds conforming crossreference to Section 7.

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<b><u>Article 6: Retirement Contributions</u></b>					
3	Page 5, Lines 24-34	PERA-General	Document LCPR05-091	Uncoded	Authorizes the payment of six percent interest on the return of excess prior service credit purchase payments by Minneapolis Community Development Agency (MCDA) employees.
4.	Page 5, Lines 35-36 Page 6, Lines 1-15	PERA-General	Document LCPR05-091	Uncoded	Allows MCDA employees to revoke election to purchase prior service credit, with six percent interest on the payment return.
<b><u>Article 7: Pension Benefits Upon Privatization</u></b>					
2	Page 6, Lines 22-36 Page 7, Lines 1-20	PERA-General	S.F. 1963 (Betzold) H.F. xxx	471A.10	Eliminates the automatic inclusion within PERA-General of employees of a public water or wastewater facility that are leased by or sold to a private vendor.
<b><u>Article 13: Local Retirement Plans</u></b>					
3	Page 7, Lines 26-36 Page 8, Lines 1-23	Hennepin County Supplemental	S.F. 2250 (Pogemiller) H.F. 2466 (Smith)	383B.46, Subdivision 2	Allows the MSRS to administer portions of the plan on behalf of Hennepin County.
4	Page 8, Lines 24-33	Hennepin County Supplemental	S.F. 2250 (Pogemiller) H.F. 2466 (Smith)	383B.47	Clarifies the MSRS role in purchasing investment shares for the Hennepin County Supplemental Plan.
5	Page 8, Lines 34-36 Page 9, Lines 1-36 Page 10, Line 1	Hennepin County Supplemental	S.F. 2250 (Pogemiller) H.F. 2466 (Smith)	383B.48	Clarifies the MSRS role in purchasing investment shares for the Hennepin County Supplemental Plan.
6	Page 10, Lines 2-36 Page 11, Lines 1-36 Page 12, Lines 1-2	Hennepin County Supplemental	S.F. 2250 (Pogemiller) H.F. 2466 (Smith)	383B.49	Clarifies the MSRS role in redeeming investment shares for the Hennepin County Supplemental Plan.
7	Page 12, Lines 3-10	Hennepin County Supplemental	S.F. 2250 (Pogemiller) H.F. 2466 (Smith)	New 383B.491	Provides for interagency agreement between MSRS and Hennepin County for the cost of the administration of the plan.
8	Page 12, Lines 11-36 Page 13, Lines 1-34	Minneapolis Police	Amendment A05-0388	423B.09, Subdivision 1	Eliminates the service pension level amounts associated with a funding ratio less than 90 percent.
9	Page 13, Lines 35-36 Page 14, Lines 1-36 Page 15, Lines 1-10	Minneapolis Fire	S.F. xxx; H.F. 1504 (Thissen)	423C.05, Subd. 2	Eliminates the service pension level amounts associated with less than 90 percent funded and less than 92.5 percent funded.
10	Page 15, Lines 11-23	Minneapolis Fire	S.F. xxx; H.F. 1504 (Thissen)	New 423C.16	Prohibits the recomputation of Minneapolis Firefighters Relief Association disability benefits upon reaching retirement age.
11	Page 15, Lines 25-36	--	--	Effective Date	Adds a local approval clause for the Hennepin County Supplemental Retirement Plan, the Minneapolis Police Relief Association, and the Minneapolis Firefighters Relief Association changes.
<b><u>Article 14: Minneapolis Employees Retirement Fund (MERF) Changes</u></b>					
1	Page 16, Lines 9-36 Page 17, Lines 1-30	Political Subdivision Compensation Limit	S.F. xxx; H.F. 853 (Kelliher)	43A.17, Subdivision 9	Exempts the MERF executive director from the compensation limit.
2	Page 17, Lines 31-36 Page 18, Lines 1-11	MERF	S.F. xxx; H.F. 853 (Kelliher)	422A.05, Subdivision 2c	Authorizes MERF to invest assets with the State Board of Investment.
3	Page 18, Lines 12-36 Page 19, Lines 1-17	MERF	S.F. xxx; H.F. 853 (Kelliher)	422A.06, Subdivision 3	Allows for accounts receivable transfers instead of cash between the Deposit Accumulation Fund to the Retirement Benefit Fund.
4	Page 19, Lines 18-36 Page 20, Lines 1-14	MERF	S.F. xxx; H.F. 853 (Kelliher)	422A.06, Subdivision 5	Makes conforming change for the accounts receivable transfers procedure.

<u>Sec.</u>	<u>Page, Lines</u>	<u>Retirement Plan</u>	<u>Source Bill(s)</u>	<u>Stat. Provision</u>	<u>Summary</u>
5	Page 20, Lines 15-36 Page 21, Lines 1-5	MERF	S.F. xxx; H.F. 853 (Kelliher)	422A.06, Subdivision 7	Makes conforming change for the accounts receivable transfers procedure.
6	Page 21, Lines 6-36 Page 22, Lines 1-36	MERF	S.F. xxx; H.F. 853 (Kelliher)	422A.06, Subdivision 8	Makes conforming change for the accounts receivable transfers procedure.
7	Page 23, Lines 1-32	MERF	S.F. xxx; H.F. 853 (Kelliher)	422A.101, Subdivision 3	Corrects a reference to the maximum annual state contribution.
8	Page 23, Lines 33-35	MERF	S.F. xxx; H.F. 853 (Kelliher)	Repealer	Repeals Minnesota Statutes, Section 422A.101, Subdivision 4, which imposes an additional liquidity transfer obligation.
9	Page 23, Line 36 Page 24, Lines 1-4			Effective Date	Effective upon local approval.

**Article 15: One Person and Small Group Retirement Changes**

1	Page 24, Lines 8-36 Page 25, Lines 1-8	PERA-P&F	S.F. 2192 (Kelley) H.F. 2365 (Latz)	Uncoded	Permits spouse of St. Louis Park police officer killed in Iraq before meeting minimum marriage duration requirement to receive survivor benefit if the Public Employees Retirement Association Board approves.
2	Page 25, Lines 9-36 Page 26, Lines 1-25	TRA	S.F. 1758 (Jungbauer) H.F. 1648 (Abeler)	Uncoded	Extends payment deadline date for making 2003-2004 extended leave contribution equivalent payment.

cc: Senator Lawrence Pogemiller  
 Senator Keith Langseth  
 Senator Cal Larson  
 Senator Geoff Michel