



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director *EB*

RE: Summary of the 2007 Session Senate Omnibus Retirement Bill, as Recommended by the Senate Finance Committee, S.F. 430 (Betzold), the Second Engrossment

DATE: May 16, 2007

Introduction

A general summary of the Senate Omnibus Retirement Bill, S.F. 430 (Betzold), the second engrossment, as recommended by the Senate State and Local Government Operations and Oversight Committee on May 11, 2007, and by the Senate Finance Committee on May 15, 2007, appears below. A section-by-section summary follows.

Source Legislation for the 2007 Omnibus Retirement Bill

The Senate Omnibus Retirement Bill, S.F. 430 (Betzold), the second engrossment, is derived from the following retirement bills and Commission or Senate Committee amendments:

1. H.F. 31 (Mullery); S.F. 31 (Metzen): Conform to federal tax rules for public safety pensions; authorize pension funds to withhold and pay insurance premiums.
2. H.F. 79 (Thissen); S.F. 56 (Betzold): TRA administrative bill.
3. H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request): PERA-P&F, PERA-C; Disability and survivor benefits modification.
4. H.F. 126 (Murphy, M.); S.F. 7 (Betzold): Statewide plans; Uniform appeal procedure.
5. H.F. 127 (Murphy, M.); S.F. 85 (Betzold): PERA; Disability benefits eligibility determination modifications.
6. H.F. 876 (Swalls); S.F. 2016 (Saltzman): PERA; Service credit purchase, St. Paul Department of Public Works employee.
7. H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold): PERA administrative bill.
8. H.F. 1010 (Hilstrom); S.F. 1042 (Neuville): State Patrol; Coverage for Gang and Drug Oversight Council coordinator.
9. H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold): MSRS administrative bill.
10. H.F. 1313 (Thissen); S.F. 1141 (Betzold); MERF; Authority to invest with SBI; liquidity requirements.
11. H.F. 1329 (Thissen); S.F. 929 (Betzold): PERA-P&F; Reemployed annuitant exemption for former Midwest Pathology, Inc., employees hired as field investigators by Anoka County.
12. H.F. 1667 (Shimanski); S.F. 1299 (Dille): PERA; Hutchinson Area Health Care privatization; clarify effective date.
13. H.F. 1779 (Sailer); S.F. 1626 (Skoe): MSRS/PERA; Annuity back payments, combined service annuity annuitant.
14. H.F. 1783 (Faust); S.F. 948 (Lourey): TRA; Purchase of salary credit for reduced salary year after a sabbatical leave.
15. H.F. 1878 (Welti); S.F. 1853/1854 (Senjem): PERA; Service credit purchase for community education employment.
16. H.F. 1911 (Murphy, M.); S.F. 937 (Betzold): MSRS-C; Include additional Department of Corrections employees in plan coverage; service credit transfers.
17. H.F. 1912 (Murphy, M.); S.F. 423 (Betzold): MSRS-C; Include additional Department of Human Services employees in plan coverage.
18. H.F. 1941 (Kahn); S.F. 2036 (Larson): MPRA; Surviving spouse benefit correction/clarification.
19. H.F. 1976 (Murphy, M.); S.F. 425 (Betzold): VFRAs; Clarify 2006 state supplemental aid eligibility change.
20. H.F. 1977 (Murphy, M.); S.F. 424 (Betzold): TRA; Correction of MTRFA references in 2006 consolidation legislation.
21. H.F. 1978 (Murphy, M.); SF 430 (Betzold): Correction of 2006 drafting errors.
22. H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson): MSRS-General; Coverage for Middle Management Association employees
23. H.F. 2079 (Murphy, M.); S.F. 1841 (Pogemiller): Extend 2006 early retirement incentive.
24. H.F. 2098 (Morrow); S.F. 1773 (Sheran): PERA; Lakeview Nursing Home in Gaylord privatization.
25. H.F. 2128 (Murphy, M. by request); S.F. 1760 (Betzold): Adding PERA staff to post-retirement option participation provision.
26. H.F. 2130 (Peterson, A.); S.F. 1779 (Kubly): PERA; Late disability benefit application; former Benson school district employee.
27. H.F. 2279 (Doty); S.F. 2027 (Koering): MSRS-C; Service credit purchase, MCF-St. Cloud stores clerk.
28. H.F. 2363 (Murphy, M. by request); S.F. 2020 (Prettner Solon); Service credit transfer from MSRS-General to MSRS-Correctional (resolved by Commission amendment to HF 1911 and HF 1912).
29. H.F. 2386 (Olin); S.F. 2267 (Lynch): PERA; Oakland Park Nursing Home privatization.
30. H.F. 2393 (Hamilton); S.F. 2175 (Vickerman): PERA; Lakefield Nursing Home privatization.
31. H.F. 2453 (Thissen); S.F. 2258 (Larson): MFRA; Postretirement adjustment investments modification.
32. H.F. xxxx; S.F. 1762 (Betzold): Legislators plan; Partial benefit option to alternative payees under marriage dissolution.
33. Betzold Amendment: Legislators plan; Death while eligible optional annuity election for former legislators.
34. Nelson Amendment: Thief River Falls Police Trust Fund; Survivor benefit increase.
35. Senate Governmental Operations Committee Amendment: Commission Actuarial Standards must reflect general accounting standards.

General Summary of S.F. 430 (Betzold), the Second Engrossment

Article 1: Various Clarifications and Corrections. The article amends various provisions in 2006 legislation, chiefly the 2006 omnibus retirement bills, to correct errors or omitted language that were identified by the Commission staff in preparing the summary of the 2006 pension legislation or by the Office of the Revisor of Statutes, and also amends various provisions in Minnesota Statutes, Chapter 13, the data privacy statutes; Chapter 126C, the education funding statutes; Chapter 353, the Public Employees Retirement Association statutes; Chapter 354A, the first class city teacher retirement fund associations' statutes; Chapter 354B, the Individual Retirement Account Plan of the Minnesota State Colleges and Universities System (MnSCU) provisions; Chapter 355, the public employee Social Security coverage provisions; and Chapter 423A, the local police and paid firefighter relief association state aid and benefit provisions, by eliminating references to the former Minneapolis Teachers Retirement Fund Association (MTRFA) and by correcting other provisions previously applicable to the former MTRFA.

Article 2: Administrative Provisions. The article makes accrual date revisions in the Legislators and Judges plans to make them consistent with other Minnesota State Retirement System (MSRS) plans; clarifies University of Minnesota employee coverage; permits General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) coverage for incidental employment as state employees by teachers; revises interest payment requirements on authorized unpaid leaves of absence and requires full actuarial value payment if payment is not received within one year of the end of the leave; removes the death while active or deferred five-year, term-certain survivor option and removes the 75 percent of prior pay limit on those benefit amounts; clarifies applicable contribution rates on breaks in service to provide military service; clarifies the application of MSRS law to State Fire Marshal employees; adds an anti-garnishment provision to the health care savings account law; clarifies Unclassified Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified) coverage groups; authorizes transfers from MSRS-Unclassified to MSRS-General up to one month after termination of employment; removes all retroactivity to MSRS-Unclassified annuities; and revises the MSRS/Public Employees Retirement Association (PERA) combined payment provision.

The article also makes a number of changes related to the Public Employees Retirement Association (PERA), including provisions that increases death while active survivor benefits when benefits are deferred, authorize health insurance withholding for certain public safety retirees of various plans, revise receivables allocation procedures for various plans, clarify the included employee provision and elected official requirements to commence annuity payments, clarify the governmental subdivision status of charter schools and mental health cooperatives, remove the requirement that the executive director be approved by the Senate, specify that no action for recovery of contributions will commence before the initial coverage date, clarify death while active or deferred surviving spouse provisions, temporarily offer full actuarial value service credit purchases for Comprehensive Employment Training Act (CETA) service, and repeal obsolete or redundant provisions.

The article also makes changes to the law governing the Teachers Retirement Association (TRA), generally of an administrative nature; proposes procedures to be used when making payments to TRA using pre-tax transfers; revises optional accelerated annuity procedures to recognize normal retirement ages older than age 65; corrects the bounceback annuity provision; clarifies applicable law for certain disability annuities; proposes account termination, restoration procedures; revises spousal notification procedures when member applies for a benefit; and repeals an inactive account small balance procedure.

Article 3: MSRS-Correctional Plan Membership Provisions. The article amends portions of the statutes governing the Correctional State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional) by adding the Department of Corrections positions of corrections program therapist (eight employees) and plant maintenance engineer lead (one employee) to MSRS-Correctional Plan coverage, by correcting the title of one currently included employment position in the Minnesota Extended Treatment Options Program (METO) and by including in plan coverage nine additional employment positions (30 state employees) at the Minnesota Security Hospital or in the Minnesota Sex Offender Program, and by removing from plan coverage one occupational title within the Department of Human Services without any incumbents, by requiring the Department of Corrections review committee to evaluate eligible prior service credit for potential transfer to MSRS-Correctional; and by providing for past service credit transfers for 2006 and 2007 newly included correctional personnel who desire to do so.

Article 4: Disability Benefit Changes. The article makes a number of changes to the disability benefit programs of the various retirement plans administered by the Public Employees Retirement Association (PERA), including:

- New disability categories are created, to replace the existing use of “duty” and “non-duty” to defined categories of disabilitants. As revised, a duty disability is a disability (physical or psychological) related to performing job-related duties that present inherent dangers, rather than being any disability that occurs or is related to being on duty. Regular disability, which replaces non-duty disability in existing statutes, is any job-related disability resulting from activity that did not present inherent danger, and also all disabilities resulting from any non-duty activity.
- Duty disabilities will be capped at 60 percent of the high-five salary, rather than 60 percent plus three percent of the high-five for each year of service over 20, except for those who qualify under a total and permanent standard. Regular disabilities are capped at 45 percent of the high-five salary, rather than being computed like a service annuity based on actual service, with a minimum benefit of 45 percent of the high-five.
- Disabilitants (duty-related and regular) who are at least 55 at the time of disability but have less than 20 years service in duty disability cases, or 15 years service in regular disability cases, can receive disability benefits for five years, then the disability benefit must terminate.
- The disability benefit is converted to a retirement annuity when the member reaches age 55; or for those who are 55 when the disability commenced, on the five year anniversary of the disability; or when a member elects to convert to an early retirement annuity rather than the disability benefit.
- Disability benefits can be retroactive for up to 90 days if salary or salary-equivalent benefits were not received during that period.
- Disability benefits are not allowed if disability is due to illegal drug use and the individual has not taken part in a rehab program and ceased drug use.
- Three years of service, rather than one year of service, will be required to qualify for surviving spouse annuities if the member’s death was not a line-of-duty death. (A “line-of-duty death” is a new term defined as a death that occurs while performing duties specific to protecting the property and personal safety of others and that present inherent dangers specific to the positions covered by the PERA-P&F. A “not-line-of-duty death” is any death that is not a line-of-duty death.)
- Surviving spouse benefits in death-while-active situations are increased from 50 percent to 60 percent of final salary in line-of-duty death situations, and the family maximums related to line-of-duty deaths are revised accordingly.
- Early retirement (by any individual who becomes a PERA-P&F member after June 30, 2007, or by a former member who is reinstated after that date) will require a reduction of 0.2 percent for each month that the individual is under age 55, rather than one-tenth.
- The last date for filing a disability benefit application is revised from three years after termination to 18 months after termination;
- Medical reports supporting a disability application are required to include expectations for improvement, and where recovery is expected, an estimate of the date on which the medical professional believes the individual will have recovered from the disabling event;
- A report from the employer is required that there is no available work that the individual could perform, including documentation, if requested by PERA, of all steps the employer has taken to provide continued employment for the individual and to accommodate the individual’s limitations;
- Any application for duty-related disability is required to tie the disability to specific duty-related functions or actions which are consistent with the inherent dangers of positions eligible for PERA-P&F and PERA-Correctional membership;
- Appeals to the PERA Board of the Executive Director’s disability determinations are permitted within 60 days after the Executive Director’s determination rather than within 45 days; and allows the Executive Director to require the participant to take part in a fact-finding session conducted by an administrative law judge and/or a vocational assessment conducted by a qualified rehabilitation counselor.
- PERA’s trial work period provision is restricted to PERA-General members rather than members of all PERA plans; and
- Other changes of an administrative nature are made, largely striking language in existing PERA, PERA-P&F, and PERA-Correctional statutes to be moved to a new proposed section.

Article 5: Health Care Facility Privatizations. Includes employees of the Lakefield Nursing Home, the Lakeview Nursing Home in Gaylord, Minnesota, and the Oakland Park Nursing Home in the special privatization provisions of the Public Employees Retirement Association (PERA). Extends to January 2008, the time deadline for the Hutchinson Area Health Care to privatize and avail itself of the enhanced deferred annuity augmentation rate.

Article 6: Statewide Retirement Plan Appeals Process. The article replaces the statutory appeals procedures for the Minnesota State Retirement System (MSRS) and the Teachers Retirement Association (TRA) with a uniform appeals procedure for all of the statewide retirement plans, including the Public Employees Retirement Association (PERA), providing statewide public pension members, former members, and beneficiaries with an opportunity to have plan administrative decisions reviewed by the governing body of the plan, notice of the reasons for an adverse determination and of the appeals process whenever there is a benefit denial, modification, or termination, an opportunity for a plan member to submit relevant materials in connection with a review, an opportunity to appear at the board review hearing, a board decision on the review request based on the record, and an opportunity to have the board review determination appealed to the State Court of Appeals.

Article 7: Minneapolis Employees Retirement Fund (MERF) Liquidity Changes. The article permits the MERF board to invest some or all of the fund's assets with the State Board of Investment (SBI) through the Minnesota Supplemental Investment Fund, a mutual fund-like family of investment accounts, or the Minnesota Combined Investment Funds, an investment pool made up of the active member assets of the various statewide retirement plans, permits that the transfer of assets between the MERF active member investment account (the MERF Deposit Accumulation Fund) and the MERF retired member investment account (the MERF Retirement Benefit Fund), if the Deposit Accumulation Fund has insufficient assets to make the transfer upon the retirement of an active member, be made with an internal interest-bearing promissory obligation, with interest at the rate of five percent, plus the percentage increase in the Consumer Price Index over the period, and the interest and the principal of the obligation would be payable first from any balance in the Deposit Accumulation Fund, and repeals a statutory provision requiring the City of Minneapolis to provide sufficient assets to make required transfers to MERF's retired fund at the time of retirement.

Article 8: Minneapolis Police and Firefighters Relief Associations Changes. A Minneapolis Police Relief Association pre-January 1, 2006, surviving spouse benefit amount provision is eliminated and any Minneapolis Police Relief Association surviving spouse benefit payments are made consistent with the post-December 31, 2005, benefit level before January 1, 2006. The amount available for distribution as Minneapolis Firefighters Relief Association annual "thirteenth check" post-retirement adjustment is increased from one-half of one percent of relief association special fund assets to one percent of relief association special fund assets.

Article 9: Volunteer Firefighter Benefit Changes. The article corrects an error in the 2006 creation of a volunteer firefighter supplemental survivor benefit, clarifies that a survivor supplemental benefit is only double the pre-2007 supplemental benefit amount.

Article 10: Various Retirement Law Changes. Requires the Commission's Standards for Actuarial Work to use asset valuation requirements consistent with generally accepted accounting standards. Permits survivors of former legislators who die before age 55 to elect optional annuity form when the former legislator would have reached age 55, including the surviving spouse of a former legislator who died March 5, 2007. Permits the early division with ex-spouse of a Legislators Retirement Plan retirement allowance. Includes in the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) employees of the Middle Management association who are not on-leave state employees. Includes in the State Patrol Retirement Plan the Gang and Drug Oversight Council Coordinator. Permits annuity withholding for health, accident, and long-term care insurance premiums for retired public safety employees. The Public Employees Retirement Association (PERA) staff is added to the list of those state entities eligible to participate in the post-retirement option provided under Minnesota Statutes, Section 43A.346. The 2006 special early retirement program was reenacted with a 2009 sunset date and is expanded to include all public pension plan members other than elected officials and reemployed annuitants. Surviving spouses of the Thief River Falls Police Trust Fund are granted a one-time 3.5 percent post-retirement adjustment with a \$640 per month maximum survivor benefit.

Article 11: Small Group/Single Person Provisions. Authorizes various individuals to purchase prior service credit or prior salary credit, file a delayed disability benefit application, or receive back annuity payments where a Combined Service Annuity was delayed by pension plan error. Exempts certain Anoka County medical examiner employees acquired from a former private sector contractor to be exempt from reemployed annuitant earnings limitations.

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|--|--|---|-------------------------------|---|--|
| Article 1: Various Clarifications and Corrections | | | | | |
| 1 | 2.21-2.32 | HF 1978 (Murphy, M.); SF 430 (Betzold) | Legislators Plan | 3A.05 | Corrects retroactive payment date for survivor benefit of later of the date of the benefit accrual or one year prior to the application filing so that benefit payment cannot predate the qualifying death. |
| 2 | 2.33-2.38 | HF 1977 (Murphy, M.); SF 424 (Betzold) | MTRFA | 13.632, Subd. 1 | The specific first class city teacher retirement fund association data privacy provision is amended to eliminate a reference to the former MTRFA. |
| 3 | 2.39-3.30 | HF 1977 (Murphy, M.); SF 424 (Betzold) | Minneapolis Public Schools | 126C.41, Subd. 4 | The Special School District No. 1, Minneapolis, additional property tax levy provision related to health insurance subsidies for certain Medicare-ineligible former Minneapolis teachers is amended to update a reference to the former MTRFA. |
| 4 | 3.31-7.6 | HF 1977 (Murphy, M.); SF 424 (Betzold) | PERA-General/ MTRFA | 353.01, Subd. 2b | The membership eligibility provision of the defined benefit retirement plans administered by PERA is amended to eliminate a reference to the former MTRFA in the exclusion for individuals covered by another Minnesota public pension plan. |
| 5 | 7.7-9.18 | HF 1978 (Murphy, M.); SF 430 (Betzold) | TRA | 354.44, Subd. 6 | Completes the verb for the post-July 1, 2006, benefit accrual rate provision with the addition of the word "entitled" after "is." |
| 6 | 9.19-10.8 | HF 1977 (Murphy, M.); SF 424 (Betzold) | TRA/MTRFA | 354A.12, Subd. 3b | The City of Minneapolis and the Special School District No. 1 mandatory employer contribution transferred from the former MTRFA to the TRA is corrected from \$1.125 million each annually to \$1.25 million each annually to match the \$2.5 million annual state contribution. |
| 7 | 10.9-10.30 | HF 1978 (Murphy, M.); SF 430 (Betzold) | First Class City Teachers | 354A.12, Subd. 3c | Clarifies the application of the supplemental local contribution termination provision by separating the prior compound sentence into two sentences, one for Special School District No. 1, Minneapolis, and one for Ind. School District No. 625, St. Paul. |
| 8 | 10.31-12.31 | HF 1978 (Murphy, M.); SF 430 (Betzold) | SPTRFA | 354A.12, Subd. 3d | Corrects the baseline administrative experience amount reference for a supplemental administrative expense assessment by reinstating the word "plus" that had been inadvertently stricken in 2006. |
| 9 | 12.32-13.23 | HF 1977 (Murphy, M.); SF 424 (Betzold) | IRAP/MTRFA | 354B.21, Subd. 3 | The defined benefit plan coverage option for MnSCU technical college faculty members is corrected to eliminate a reference to the former MTRFA. |
| 10 | 13.24-13.29 | HF 1977 (Murphy, M.); SF 424 (Betzold) | Social Security/ MTRFA | 355.01, Subd. 3h | The definition of "Minneapolis teacher" for purposes of Social Security coverage is corrected to eliminate a reference to the former MTRFA and replace it with a TRA reference. |
| 11 | 13.30-15.10 | HF 1978 (Murphy, M.); SF 430 (Betzold) | Small Volunteer Fire Plans | 356A.06, Subd. 6 | Corrects a cross-reference to the 2006 enactment of the 2002 Uniform Securities Act, replacing a reference in the investment authority provision to a non-existent section in the uniform act with what appears to be the correct reference. |
| 12 | 15.11-16.34 | HF 1977 (Murphy, M.); SF 424 (Betzold) | TRA/MTRFA | 423A.02, Subd. 3 | The portion of local police and paid fire relief association amortization aid previously redirected to the former MTRFA is reassigned to the TRA and the SPTRFA eligibility termination provision is appropriately revised. |
| 13 | 16.35-17.6 | HF 1977 (Murphy, M.); SF 424 (Betzold) | TRA/MTRFA | 423A.02, Subd. 5 | The amortization state aid termination provision is revised to eliminate a reference to the former MTRFA. |
| 14 | 17.7-18.1 | HF 1978 (Murphy, M.); SF 430 (Betzold) | MSRS-Corr. | Laws 2006, Ch. 271, Art. 2, Sec. 12, Subd. 1 | Replaces a reference to "section 1" with "this subdivision," correcting a provision that was not correctly adapted when a separate bill was folded into the omnibus retirement bill. |
| 15 | 18.2-18.14 | HF 1978 (Murphy, M.); SF 430 (Betzold) | MSRS- Corr. | Laws 2006, Ch. 271, Art. 2, Sec. 13, Subd. 3 | Corrects an incorrect "2005" date to "2007" for the due date provision for a potential service credit transfer for a Dept. of Corrections employee who may be authorized to transfer coverage for a period of prior service. |
| 16 | 18.15-18.27 | HF 1978 (Murphy, M.); SF 430 (Betzold) | PERA-P&F | Laws 2006, Ch. 271, Art. 14, Sec. 2, Subd. 3 | Replaces language relating to a Faribault firefighter service credit purchase authorized in 2006 that was in the bill but was omitted when the provision was incorporated into the 2006 omnibus retirement bill. |
| -- | Generally effective on final enactment. Sections 1, 5-8, 12, and 15 are retroactive to July 1, 2006. Section 11 is retroactive to August 1, 2006. Section 14 is retroactive to June 14, 2006. Section 16 is retroactive to June 2, 2006. | | | | |

Article 2: Administrative Provisions

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|---|------------|---|------------------|-------------------|---|
| 1 | 18.30-20.1 | HF 1139 (Murphy, M.); SF 629 (Betzold) | Legislators Plan | 3A.02, Subd. 1 | The annuity accrues following the executive director's receipt of the application rather than beginning with the first day of the month of receipt of application; removes obsolete language; and clarifies that an unreduced retirement requires that the annuity commence no earlier than normal retirement age (currently age 62). |
|---|------------|---|------------------|-------------------|---|

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|--|---------------------|--|
| 2 | 20.2-21.17 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-General | 352.01, Subd. 2a | Removes obsolete language and clarifies that MSRS coverage includes employees of the University of Minnesota unless excluded by action of the University Board of Regents. |
| 3 | 21.18-24.25 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-General | 352.01, Subd. 2b | Moves language to more appropriate clauses; clarifies that independent contractors are excluded regardless of the payment arrangement, excludes interns hired for six months or less unless the individuals are eligible for an immediate appointment at the end of that period; removes obsolete language related to the Comprehensive Employment and Training Act (CETA); and permits MSRS-General coverage for teachers for incidental employment as a state employee not covered by a teacher retirement association. |
| 4 | 24.26-26.27 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-General | 352.01, Subd. 11 | Removes obsolete language related to pre-July 1, 1957, service; moves language to new paragraphs; and revises the authorized leave of absence clause by referencing a new payment procedure found in Sec. 5. |
| 5 | 26.28-27.17 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-General | New 352.017 | Members of MSRS plans covered by Chapter 352 who go on an authorized leave of absence without pay, not to exceed one year, and who want to obtain service credit, can purchase service credit for the leave period by making the contributions plus interest within one year of the end of the leave, or by paying full actuarial value thereafter. |
| 6 | 27.18-27.29 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-General | 352.12, Subd. 2a | Eliminates the five-year term-certain option from the death while active or deferred surviving spouse term-certain provision and eliminates the requirement that monthly payments not exceed 75% of the high-five monthly salary of the deceased employee. |
| 7 | 27.30-29.8 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-General | 352.27 | Clarifies that the applicable contribution rates are those of the plan under the applicable statute for the break in service to provide uniformed service provision. |
| 8 | 29.9-29.15 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS State Fire Marshal Plan | 352.951 | Indicates that Chapter 352 is generally applicable to State Fire Marshal employees under Section 352.87. |
| 9 | 29.16-29.22 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS Health Care Savings Account | 352.98 | Adds an anti-garnishment provision. |
| 10 | 29.23-31.23 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS-Uncl. | 352D.02 | Revises the provision for clarity and removes references to employing units that no longer exists, and adds employees of Minnesota Technology Incorporated (MTI) and the Agricultural Utilization Research Institute (AURI), individuals employed by MnSCU as faculty or in an eligible unclassified administrative position who was employed by the former state university or the former community college system prior to May 1, 1995, and who elected MSRS coverage prior to May 1, 1995, and a person employed by MnSCU who was employed in state service prior to July 1, 1995, who subsequently was employed in an eligible unclassified administrative position. |
| 11 | 31.24-32.12 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS- Uncl. | 352D.02, Subd. 3 | Reorganizes the provision and creates paragraphs; revises references from "regular" plan to "general" plan; revises obsolete language; and permits individuals to elect a transfer to MSRS-General up to one month after termination of service, rather than prior to termination of service. |
| 12 | 32.13-32.23 | HF 1139 (Murphy, M.); SF 629 (Betzold) | MSRS- Uncl. | 352D.06 | Removes the authorization to have the annuity accrue up to six months retroactively. |
| 13 | 32.24-33.18 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.01, Subd. 2a | Clarifies eligibility for membership by providing that salaries from all positions held by a person within a governmental unit will be totaled for purposes of meeting the \$425 salary threshold, and moves language from another section stating that elected officials retain plan membership for the duration of the person's employment in that position or incumbency in elected office. |
| 14 | 33.19-36.27 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.01, Subd. 2b | Eliminates from the excluded employee provision language to be moved to Sec. 13. |
| 15 | 36.28-38.8 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.01, Subd. 6 | Redefines "governmental subdivision" as follows: – includes units or instrumentalities of local governments; – clarifies that a public body is a government subdivision if it is established under state or local government authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of the entity's employees, and which receives a major portion of its revenues from taxation, fee assessment, or from other public purposes, rather than whose revenues are derived from those sources; – includes charter schools; service cooperatives exercising retirement plan participation under 123A.21; various joint powers boards, family service collaboratives, and children's mental health collaboratives, if the creating entities are governmental |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|-----------------|----------------------|---|
| | | | | | <p>units that otherwise qualify for retirement plan membership;</p> <ul style="list-style-type: none"> – states that family service or children's mental health collaboratives are not governmental subdivisions if the board is not totally composed of representatives of governmental units; – adds a paragraph stating that a 501(c)(3) nonprofit corporation or a nonprofit under M.S., Sec. 317A, is not a government subdivision unless the entity has obtained a written advisory opinion from the federal Department of Labor or an Internal Revenue Service (IRS) ruling declaring the entity to be an instrumentality of the state, and if its inclusion in PERA would be consistent with government plan qualification requirements in federal code; and – adds a paragraph stating that if PERA determines that an organization is a government subdivision, it shall be subject to the PERA coverage for its eligible employees on a prospective basis. If the entity met the definition of a governmental subdivision prior to PERA's determination letter, PERA's omitted contribution provision would apply from the date that the organization first met the definition of a governmental subdivision. If the period exceeds three years, the individual could purchase that portion of the total period at full actuarial value. These procedures do not apply if the employment was covered by any public or private defined benefit or defined contribution plan, other than a volunteer fire plan. |
| 16 | 38.9-41.18 | HF 1139 (Murphy, M.); SF 629 (Betzold) | PERA-General | 353.01, Subd. 16 | Revises the leave of absence provision by referencing a general procedure provision in Sec. 18. |
| 17 | 41.19-42.21 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.01, Subd. 28 | Removes from the definition of "retirement" language that prohibited individuals from receiving a coordinated plan annuity if the individuals were PERA-General Basic Plan members or PERA-P&F members who, after brief termination, commence PERA-General coordinated employment but provide less than six months of coordinated service before again terminating; by permitting a PERA defined benefit plan retirement annuity to commence even though an individual becomes an elected official within 30 days of separation from employment covered by a PERA defined benefit plans; and by permitting elected officials who were covered by PERA-General for that elected official employment to commence drawing an annuity if the individual resigns from office before filing for reelection and by remaining completely and continuously separated from that office for at least 30 days before the election date. |
| 18 | 42.22-43.10 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | PERA-General | New 353.0161 | Permits PERA members who go on an authorized leave of absence without pay, not to exceed one year, and who want to obtain service credit, can purchase service credit for the leave period by making the contributions plus interest within one year of the end of the leave, or by paying full actuarial value thereafter. |
| 19 | 43.11-44.29 | Amendment to HF 126 (Murphy, M.); SF 7 (Betzold) | PERA-General | 353.03, Subd. 3 | Revises PERA's board powers provision for style and authorizes PERA to adopt rules necessary to comply with IRS and federal Dept. of Labor requirements. |
| 20 | 44.30-46.25 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.03, Subd. 3a | Eliminates the requirement that the PERA executive director appointment be made with the advice and consent of the Senate and provides that two unspecified PERA staff positions may, rather than shall, serve in the unclassified service |
| 21 | 46.26-46.34 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.03, Subd. 4 | Removes obsolete language regarding PERA office space in the State Capitol or other state government buildings. |
| 22 | 47.1-47.19 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.27, New Subd. 14 | Specifies a procedure for the collection of assets related to crediting periods rendered before the initial date of coverage by PERA-General. |
| 23 | 47.20-48.14 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.28, Subd. 6 | Allows PERA to tap aid or appropriations to a government entity to cover obligations to PERA which are at least 60 days overdue, by adding language specifying how collected amounts will be prorated if the amount is insufficient to meet the full obligation, and by specifying that if the applicable government subdivision has been dissolved or closed, the 60-day waiting period is waived and amounts can be immediately certified for collection. |
| 24 | 48.15-49.5 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.29, Subd. 3 | Removes obsolete cross-references and revises for style a PERA retirement annuity formula provision. |
| 25 | 49.6-49.14 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.30, Subd. 1a | Corrects cross-references and clarifies that an individual must terminate from service before a Rule of 90 annuity can commence. |
| 26 | 49.15-49.24 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.30 Subd. 1b | Corrects cross-references and clarifies language in the PERA pre-1989, 30 years of service provision, including clarifying that an individual must terminate from service before an annuity can commence. |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|-----------------|---------------------|---|
| 27 | 49.25-50.5 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.30 Subd. 1c | Clarifies that an individual must terminate from service before an annuity can commence, corrects cross-references, and removes redundant 30 years of service language from the early retirement annuity provision. |
| 28 | 50.6-52.4 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.32 Subd. 1a | Clarifies which benefit computation procedures apply to survivors of pre-July 1, 1989, hires rather than survivors of employees hired on or after that date; and provides that the payment is to be based on the allowable service on the date of death, and the age of the survivor and the deceased on that date. |
| 29 | 52.5-52.17 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.32 Subd. 1b | Modifies the Coordinated Program term-certain annuity survivor coverage provision by clarifying that the benefit terminates at the end of the term-certain period. |
| 30 | 52.18-52.32 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA-General | 353.34 Subd. 3 | Clarifies that the law in effect upon termination of service or termination of membership, whichever is earlier, will apply to the deferred annuity computation and corrects cross-references and removes obsolete cross-references. |
| 31 | 53.1-54.19 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | TRA | 354.05, Subd. 13 | Revises the strike period allowable service credit provision with cross-references to the standardized leave credit procedure in Sec. 41. |
| 32 | 54.20-55.2 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | TRA | 354.093 | Revises the parental leave provision with cross-references to the standardized leave credit procedure in Sec. 41. |
| 33 | 55.3-57.13 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | TRA | 354.094 | Clarifies the extended leave of absence service credit contribution provision and eliminates language to be moved to Sec. 41 |
| 34 | 57.14-58.4 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | TRA | 354.095 | Clarifies the medical leave payment provision with cross-references to the standardized leave credit procedure in Sec. 41. |
| 35 | 58.5-58.17 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | TRA | 354.096, Subd. 2 | Clarifies the family leave payment provision with cross-references to the standardized leave credit procedure in Sec. 41. |
| 36 | 58.19-58.27 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | New 354.105 | Authorizes late transfers of pre-tax assets covering a service credit purchase or acquisition if the payment includes interest at 0.708% per month from the due date through the end of the month in which TRA receives payment. |
| 37 | 58.28-59.27 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | 354.35 | Modifies the accelerated annuity provision to recognize that normal retirement age for Social Security purposes will differ from age 65 for many teachers. |
| 38 | 59.28-60.13 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | 354.45, Subd. 1a | Reverses a 2006 change in the bounceback optional annuity provision and requires that if the death occurred more than one year ago the bounceback will not occur earlier than the first of the month following one year before the date on which TRA received notice of the death. |
| 39 | 60.14-61.14 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | 354.48, Subd. 3 | Clarifies the disability benefit computation provision, by clarifying in formula annuity situations that the laws to be used for purposes of computing the disability annuity will be the laws in effect on the last day for which salary is paid, and specifies in money purchase annuity cases that the applicable laws will be the laws in effect on the last day for which salary is paid, rather than the date on which the disability application is received |
| 40 | 61.15-61.28 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | New 354.471 | Provides that if an active or a deferred TRA member dies and there is no surviving spouse or other beneficiary, or these individuals cannot be located within five years after the death, any assets relating to the deceased employee belong to the TRA fund. However, if a surviving spouse or other beneficiary later contacts TRA and establishes a right to a survivor annuity, death refund, or other benefit, that benefit will be paid. |
| 41 | 61.29-62.25 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | New 354.471 | Provides that TRA members who go on an authorized leave of absence without pay and who want to obtain service credit, can purchase service credit for the leave period by making the contributions plus interest within one year of the end of the leave, or by paying full actuarial value thereafter. |
| 42 | 62.26-62.29 | Amendment to HF 1139 (Murphy, M.); SF 629 (Betzold) | Judges Plan | 356.195 Subd. 1 | Excludes the Judges Retirement Plan from strike period service credit purchase provision. |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|-----------------|--------------------------|--|
| 43 | 62.30-63.13 | HF 1139 (Murphy, M.); SF 629 (Betzold) | PERA, MSRS | 356.405 | Modifies the MSRS/PERA combined payment of annuities provision by requiring that the separate payment from one of the plans would have been under \$250 per month to qualify for this treatment; by requiring the individual to select either an identical joint-and-survivor annuity from each plan or a single-life annuity from each plan; and by removing requirements that each fund must be compensated for future mortality gains or losses, that there be no net liability realized by either plan, and that the retiree must agree in writing for this treatment. |
| 44 | 63.14-63.34 | H.F. 79 (Thissen); S.F. 56 (Betzold) | TRA | 356.46 Subd. 3 | Allows TRA to send the notice to a retiring member's spouse regarding optional annuities, to allow TRA to send the notice "before or upon" the member's election of an annuity form, rather than before that election. |
| 45 | 63.35-64.30 | HF 889 (Murphy, M.); SF 296 (Betzold) | Various | New 356.95 | Permits individuals who were in subsidized CETA programs without pension coverage and who later became employed in unsubsidized employment covered by a public pension plan, to purchase service credit for the CETA time in the plan that provided that later coverage at full actuarial value, and the purchased service credit cannot be used to entitle the individual to benefit provisions applicable only to pre-July 1, 1989, hires. Expires in 2009. |
| 46 | 64.61-65.7 | HF 889 (Murphy, M.); SF 296 (Betzold) | Various | New 356.98 | Provides a way to allocate amounts owed to pension funds from closed or dissolved employing units when more than one pension fund has amounts owed to it and the available assets are insufficient to cover the full amounts due. Available amounts are to be applied first to employee contributions, second to employer contributions, and third to interest due. If at any stage in the allocation process the available amount is insufficient to fully cover the obligations, the remaining available payment amount must be prorated among the applicable plans based on each plan's share of combined covered payroll. Although the section may have broad applicability, it is being proposed due to concerns about closing charter schools, where some employees might be covered by PERA-General while others are covered by TRA. |
| 47 | 65.8-65.13 | HF 1139 (Murphy, M.); SF 629 (Betzold) | Judges Plan | 490.121, Subd. 15a | Specifies that early retirement date means any date after a judge attains age 60, rather than the last day of the month after the judge attains age 60. |
| 48 | 65.14-65.17 | HF 1139 (Murphy, M.); SF 629 (Betzold) | Judges Plan | 490.121, Subd. 21f | Provides that normal retirement date means the date a judge attains age 65, rather than the last day of the month in which the judge attains age 65. |
| 49 | 65.18-65.22 | HF 889 (Murphy, M.); SF 296 (Betzold) | PERA, TRA | Repealer | Repeals: – 353.30, Subd. 1, an obsolete PERA annuity provision; – 353.34, Subd.7, a PERA provision requiring individuals who did not return to covered employment following a sick leave to wait 120 days after the end of the sick leave before filing for a refund; – 353.69, a PERA provision allowing individuals to retain active PERA membership if they become elected officials not normally covered by PERA, or if they become employees of a municipality not covered by PERA; – 354.49, Subd.5, a TRA provision allowing forfeiture to the fund if a teacher has stopped providing teaching service and does not apply for a refund within five years and the amount contributed to the fund is under \$500, but if the teacher returns to service and the forfeited amount exceeds \$5, the amount would be restored; – 356.90, a provision that replicates Sec. 356.405. |
| 50 | 65.23-65.26 | HF 1139 (Murphy, M.); SF 629 (Betzold) | | Revisor's Instruction | The Revisor of Statutes is instructed to replace references to Sec. 356.55 wherever it appears in statutes to Sec. 356.55f, and to make any related grammatical changes. Sec. 356.55 was the full actuarial value estimation procedure used whenever special law or general law permitted a full actuarial value service credit purchase unless an alternative method was specifically mentioned in the applicable law. |

-- Generally effective upon final enactment or July 1, 2007.

Article 3: MSRS-Correctional Plan Membership Provisions

| | | | | | |
|---|-------------|---|-------------|---------------------|---|
| 1 | 66.4-66.25 | HF 1911 (Murphy, M.); SF 937 (Betzold) | MSRS-Corr. | 352.91, Subd. 3d | Eliminates four Dept. of Corrections occupational titles (chemical dependency counselor supervisor, general maintenance worker, laundry coordinator, and water treatment plant operator) from plan coverage and adds two Dept. of Corrections occupational titles (corrections program therapist 4 and plant maintenance engineer lead) to plan coverage. |
| 2 | 66.26-67.15 | HF 1912 (Murphy, M.); SF 423 (Betzold) | MSRS- Corr. | 352.91, Subd. 3e | Corrects occupational title reference for the accidental program lead position in the Dept. of Human Services, Minnesota Extended Treatment Options Program. |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|--|--|-----------------|---------------------|--|
| 3 | 67.16-68.23 | HF 1912 (Murphy, M.); SF 423 (Betzold) | MSRS- Corr. | 352.91, Subd. 3f | Eliminates one Dept. of Human Services Security Hospital or Sex Offender Program occupational position (office and administrative specialist senior) from plan coverage and adds nine Dept. of Human Services Security Hospital or Sex Offender Program occupational positions (certified occupational therapy assistant 1, certified occupational therapy assistant 2, customer services specialist principal, human services support specialist, licensed alcohol and drug counselor, management analyst 3, recreation therapist lead, security supervisor, and special education program assistant) to plan coverage. |
| 4 | 68.24-69.20 | HF 1911 (Murphy, M.); SF 937 (Betzold) | MSRS- Corr. | 352.91, Subd. 4b | Requires the Dept. of Corrections position inclusion review committee to evaluate and determine the past service credit transfer initial eligibility date and period. |
| 5 | 69.21-72.24 | Amendment to HF 1911 (Murphy, M.); SF 937 (Betzold) <i>HF 2363 (Murphy, M.); SF 2020 (Prettner Solon)</i> | MSRS- Corr. | New 352.955 | Allows state employees transferred to plan coverage in 2006, or transferred by sections 1 or 3, or a stores clerk from the MCF-St. Cloud to transfer past MSRS-General coverage to MSRS-Correctional, with the member payment of equivalent member contribution rate differential, plus 8.5% compound interest, and the employer payment of equivalent employer contribution rate differential, plus 8.5% compound interest, for pre-July 1, 2007, transfers and with additional full actuarial value increment, allocated 40% member and 60% employer, for post-June 30, 2007, transfers. This provision also resolves the pension problem of the individual covered by HF 2636 (Murphy, M.); SF 2020 (Prettner Solon). |
| 6 | 72.25-73.4 | HF 2279 (Doty); SF 2027 (Koering) | MSRS- Corr. | Uncoded | Allows transfer of 1990-1994 service credit to MSRS-Correctional by MCF-St. Cloud stores clerk. |
| -- | Generally effective on or before July 1, 2007. | | | | |

Article 4: Disability Benefit Changes

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|---|-------------|---|--|-------------------------|---|
| 1 | 73.7-73.169 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F, PERA-Corr. | 353.01, Subd. 37 | The normal retirement age definition is revised by adding the age 55 normal retirement age applicable to PERA-P&F and PERA-Correctional members. |
| 2 | 73.17-73.28 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.01, New Subd. 41 | Adds definition of "duty disability," meaning a physical or psychological disabling condition, expected to prevent the member from performing the normal duties of the position for a period of at least one year, and which is due to an injury or disease incurred in performance of normal duties or less frequent duties while protecting the property and personal safety of others, and that presents inherent dangers specific to the position covered by PERA-P&F. |
| 3 | 73.29-74.5 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.01, New Subd. 42 | Adds definition of "less frequent duties," meaning tasks in the job description performed occasionally, which are not carried out as part of the normal routine of the applicant's job. |
| 4 | 74.6-74.14 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.01, New Subd. 43 | Adds definition of "line of duty death," meaning a death that occurs while performing normal or less frequent duties specific to protecting the property and personal safety of others and that present inherent dangers specific to the positions covered by PERA-P&F. |
| 5 | 74.15-74.22 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.01, New Subd. 44 | Adds definition of "normal duties," meaning the specific tasks designated in the applicant's job description, not including less frequent duties performed occasionally. |
| 6 | 74.23-74.29 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.01, New Subd. 45 | Adds definition of "not line of duty death," meaning any death that is not a line-of-duty death. |
| 7 | 75.1-75.11 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.01, New Subd. 46 | Adds definition of "regular disability," meaning a physical or psychological disabling condition, expected to prevent the member from performing the normal duties of the position for a period of at least one year, which results from a disease or injury incurred from activities while not at work, or while at work performing duties that do not present inherent danger specific to the occupations covered by PERA-P&F. |
| 8 | 75.12-79.7 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-General, PERA-Corr., PERA-P&F | New 353.031 | Collects and replaces existing disability application, determination, and review procedures into a single provision: <u>Subd. 1, Application.</u> Specifies that this section governs PERA-General, PERA-Correctional, and PERA-P&F disability applications/determinations. <u>Subd. 2, Policy Statement.</u> Provides the disability standards applicable to each plan. <u>Subd. 3, Procedure to Determine Eligibility.</u> Provides that applications must be in writing on forms provided by the Executive Director, and must be made no later than 18 months after termination of service, that all medical reports must support a finding that the disability occurred while the individual was an active PERA plan member and not on leave or after termination of service occurred, that the disability applicant shall provide a medical report signed by a licensed medical doctor and at least one other medical |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|-----------------|---------------------|---|
| | | | | | doctor, psychologist, or chiropractor, and the applicant must authorize release of all medical records, that the medical report must contain an opinion regarding whether the individual is expected to improve, and if improvement is expected, the expected date on which the individual will not longer meet the disability standard, that any claim must be supported by a report from the employer specifying actions the employer took to find available work for the individual, and accommodations made to provide continued employment, that a disablitant may simultaneously file a disability and retirement application, and that, if the disability application is denied, a retirement annuity would commence. <u>Subd. 4, Additional Specific Requirements Specific to PERA-P&F and PERA-Correctional.</u> Provides that if the application is filed within two years of the date of the injury, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or illness, accompanied by a report from the employer regarding any duties that the individual cannot perform, that if the application is filed more than two years after the date of the disabling injury or illness, the reports must focus on the individual's ability to perform the duties assigned within the most recent 90 days prior to the application, that any claim for a duty-related disability must specify whether the disabling event occurred while the individual performing an act specific to the inherent dangers of positions eligible for PERA-P&F or Correctional plan coverage, that an application must be supported by a first report of injury, and that if an applicant continues in employment following the application for more than 45 days without being placed in an authorized leave, the application will be cancelled and the applicant cannot reapply, based on that same cause, for at least one year. <u>Subd. 5, Medical Advisor.</u> Provides that PERA may contract with the Commissioner of the Department of Health to provide medical advisors to PERA. <u>Subd. 6, Independent Medical Evaluation.</u> Requires the applicant to submit to an independent medical evaluation, paid for by PERA, if requested by the executive director. <u>Subd. 7, Refusal of Medical Examination or to Provide Medical Evidence.</u> Prohibits PERA from continuing to consider the application, or in the case of an existing disability benefit recipient, requires PERA to terminate the benefit, if medical evidence is not provided. <u>Subd. 8, Proof of Continuing Disability.</u> Authorizes PERA to require, at any reasonable time, that a disablitant submit proof of continued eligibility. <u>Subd. 9, Application Approval or Denial.</u> Allows the individual to appeal the executive director's decision to the PERA board within 60 days and allows the executive director to require the participant to take part in a fact-finding session conducted by an administrative law judge and/or a vocational assessment conducted by a qualified rehabilitation counselor. <u>Subd. 10, Restoring Forfeited Service.</u> Requires individuals to repay refunds to restore service credit within six months after the effective date of the disability benefit or within six months after filing, whichever is later. |
| 9 | 79.8-79.22 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-General | 353.33, Subd. 1 | Conforms the disability authorization provision to the general disability application and determination provision, Sec. 8. |
| 10 | 79.23-80.16 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-General | 353.33, Subd. 2 | Conforms the disability benefit accrual provision to the general disability application and determination provision, Sec.8. |
| 11 | 80.17-81.3 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-General | 353.33, Subd. 4 | Conforms the disability benefit eligibility provision to the general disability application and determination provision, Sec.8. |
| 12 | 71.4-81.19 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-General | 353.33, Subd. 6 | Conforms the disability benefit continuing eligibility provision to the general disability application and determination provision, Sec.8. |
| 13 | 81.20-82.4 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-General | 353.33, Subd. 7 | Revises the PERA disability trial work period provision by restricting the provision's application to PERA-General rather than applying to all PERA plans. |
| 14 | 82.5-82.18 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-P&F | 353.651, Subd. 4 | Revises the PERA-P&F early retirement provision for new members hired after June 30, 2007, or for any former member who is reinstated after that date, to require a reduction of two-tenths percent, rather than one-tenth percent, for each month that the individual is under age 55. |
| 15 | 82.19-83.17 | Senate Gov Ops Committee Amendment | PERA-P&F | 353.656 Subd. 1 | Duty disability benefits, for those qualifying under PERA-P&F standards, is capped at 80% of the high-five average salary, rather than 60 percent plus 3% for each year in excess of 20. |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|-----------------|--------------------------|---|
| 16 | 83.18-84.18 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, Subd. 1a | Specifies a total and permanent duty disability benefit for individuals who qualify for disability under a total and permanent definition of 60% of the high-five average salary, plus an additional 3% of the high-five salary for each year of service in excess of 20. |
| 17 | 84.19-86.2 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, New Subd. 1b | Revises the PERA-P&F disabilitant optional annuity election provision by specifying that an optional annuity may be elected upon application for a disability benefit; or within 90 days of attaining age 55; or upon application to convert to an early retirement annuity payment; or if the disabilitant was at least 55 when the disability occurred but had less than 20 years of service, 90 days prior to the five-year termination date of the disability benefit. If a joint-and-survivor annuity was elected and the disabilitant dies before the date the disability benefit is transformed into a retirement benefit, the beneficiary may elect to have the benefit recomputed whenever recalculation of the benefit as a retirement benefit would provide an increased monthly payment amount. |
| 18 | 86.3-87.2 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, Subd. 3 | Reformulates the PERA-P&F non-duty disability benefit as the "regular" disability benefit, capped at 45% of the high-five average salary, rather than 45% of the high-five salary plus 3% of that salary for each year of service in excess of 15. If the individual was at least 55 when disability occurred but does not have 15 years of service credit, the benefit is payable for only five years, and is then subject to requirements in Sec. 20. |
| 19 | 87.3-87.32 | Amendment to HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, New Subd. 3a | Specifies the computation of the PERA-P&F total and permanent regular disability benefit, capping the benefit at 45% of the average salary plus 3% of average salary for each year of service in excess of 15 years. |
| 20 | 87.33-88.21 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, Subd. 4 | Clarifies the PERA-P&F limitation on disability benefit provisions to provide that the benefit cannot commence while the employee is on any form of employer-provided salary continuation plan or provision. |
| 21 | 88.22-89.23 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, Subd. 5a | Revises the PERA-P&F cessation-of-disability-benefit provision by providing that the benefit ends: (1) When the individual reaches normal retirement age; or (2) If the disability benefit is required to terminate after five years (60 months), on the first of the month following the expiration of the five year period; or (3) If the disabled member chooses, the end of the month in which the disabilitant elects to convert to an early retirement annuity. If the individual remains disabled when the disability benefit terminates, the individual is deemed to be retired. The retirement annuity will be based on the number of years used in the disability benefit calculation or the actual years of service, whichever produces a higher benefit, and will include all prior benefit adjustments. Except as otherwise provided, the applicable law for computing the retirement annuity is the law in effect when the disability benefit was computed. |
| 22 | 89.24-90.21 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, Subd. 6a | Revises the PERA-P&F disability survivor benefits provision to provide that survivor benefits are applicable only in cases where the disability benefit was granted prior to July 1, 2007. |
| 23 | 90.22-91.36 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-P&F | 353.656, Subd. 8 | Revises the PERA-P&F disability application provision by eliminating language to be moved to Sec. 8. |
| 24 | 92.1-92.17 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.656, Subd. 10 | Revises the PERA-P&F disability benefit accrual provision to prohibit the commencement of a disability benefit while the individual is receiving salary or any salary-related form of compensation, except in cases of total and permanent disability. |
| 25 | 92.18-92.32 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA-P&F | 353.656, New Subd. 13 | Prohibits the payment of disability benefits if the disability results from use of illegal drugs, unless the individual was in, or is currently in, a drug rehabilitation program and is no longer engaging in use of illegal drugs. |
| 26 | 92.33-93.21 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.657, Subd. 1 | Revises the death-while-active-or-disabled survivor benefit eligibility provision to make it apply only in active or deferred situations; specifies that if the death was not a line-of-duty death the member must have accrued three years of service, rather than one year, for the spouse to be eligible for any annuity; and eliminates the provision that active military service is considered to be line of duty for purposes of qualifying for PERA benefits. |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|-------------|---|-----------------------------------|----------------------|---|
| 27 | 93.24-94.11 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.657, Subd. 2 | Revises the PERA-P&F survivor benefit amount provision to make it apply in death-while-active-or-deferred situations and to provide a surviving spouse benefit of 60% of average salary for a line-of-duty death; or a 50% of average salary benefit in all other cases, including if the death occurred while receiving disability benefits that accrued prior to July 1, 2007, rather than 50% of average salary in all cases. |
| 28 | 94.12-95.21 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.657, Subd. 2a | Eliminates language to be moved to another section from the PERA-P&F death-while-eligible survivor benefit provision. |
| 29 | 95.22-96.17 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA-P&F | 353.657, Subd. 3 | Revises the PERA-P&F dependent child provision by dividing the provision into two subdivisions, and making the existing family maximum (70% of average salary) apply if the member's death is not a line-of-duty death or if death occurred while receiving a disability benefit that accrued before July 1, 2007, and by increasing the family maximum and minimum to 80% and 60%, respectively, in line-of-duty death situations. |
| 30 | 96.18-96.31 | HF 125 (Murphy, M.); SF 84 (Betzold) | P&F Consoli- dation Provisions | 353B.08, Subd. 11 | Adds a cross-reference to new Sec. 8 to the PERA local consolidated relief association disability benefit reexamination provision. |
| 31 | 96.32-97.24 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA- Corr. | New 353E.001 | Adds disability benefit-related definitions to the PERA-Correctional. |
| 32 | 97.25-98.4 | HF 125 (Murphy, M.); SF 84 (Betzold) | PERA- Corr. | 353E.06, Subd. 1 | Revises the PERA-Correctional duty disability provision by eliminating language moved to Sec. 30. |
| 33 | 98.5-98.16 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA- Corr. | 353E.06, Subd. 2 | Revises the PERA-Correctional non-duty disability provision to be a "regular" disability provision and to eliminate requirements moved to Sec.30. |
| 34 | 98.17-99.6 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA- Corr. | 353E.06, Subd. 4 | Revises the PERA-Correctional disability benefit application provision by adding a clarification that disability benefits cannot commence while the individual continues to receive salary or payments from an employer-paid salary continuation program and by eliminating elements moved to Sec.30. |
| 35 | 99.7-99.10 | HF 127 (Murphy, M.); SF 85 (Betzold) | PERA- Corr. | 353E.06, Subd. 8 | Revises the PERA-Correctional disability benefit continuation provision by adding a cross-reference to Sec. 8. |
| 36 | 99.11-99.14 | HF 127 (Murphy, M.); SF 85 (Betzold) | | Repealer | Repeals M.S., Sec. 353.33, Subd. 6a (medical advisor), 6b (duty as medical advisor), and 8 (refusal to submit to medical examination or to provide medical evidence); and 353.656, Subd. 5 (proof of disability), 9 (refusal to submit to medical examination or to provide medical evidence); 11 (independent medical examination, duties of medical advisor), and 12 (approval of disability benefits). |

-- Generally effective July 1, 2007, for terminations from public employment one or after that date.

Article 5: Health Care Facility Privatizations

| | | | | | |
|---|--------------|---|-----------------------|---------------------|--|
| 1 | 99.17-101.7 | HF 2098 (Morrow); SF 1773 (Sheran), HF 2386 (Olin); SF 2267 (Lynch), and HF 2393 (Hamilton); SF 2175 (Vickerman) | PERA Privatization | 353F.02, Subd. 4 | Adds Lakefield Nursing Home, Lakeview Nursing Home in Gaylord, Minnesota, and Oakland Park Nursing Home to definition of "medical facility" covered by special benefit provisions. |
| 2 | 101.8-101.26 | HF 1667 (Shimanski); SF 1299 (Dille) | PERA Privatization | 353F.04, Subd. 1 | Extends Hutchinson Area Health Care higher enhanced deferred annuity augmentation rate privatization effective date from January 2007 to January 2008. |

-- Section 1 is effective upon local approval and Section 2 is effective on final enactment.

Article 6: Statewide Retirement Plan Appeals Process

| | | | | | |
|---|--------------|--|---------------|--------------------|--|
| 1 | 101.29-103.7 | HF 126 (Murphy, M.); SF 7 (Betzold) | PERA | 353.03, Subd. 3 | Eliminates current requirement for the PERA board to establish a benefit eligibility review procedure in favor of joint appeal procedure under Sec. 2. |
| 2 | 103.8-107.34 | HF 126 (Murphy, M.); SF 7 (Betzold) | Various Plans | New 356.95 | Recodifies current MSRS and TRA pension plan appeal provisions into a uniform provision and extends its application to PERA and requires the following elements in the process: 1. <u>Right of Review</u> . An opportunity to have plan administrative decisions reviewed by the governing body of the plan; 2. <u>Notice of Adverse Determination</u> . The provision of a notice of the reasons for an adverse determination and of the appeals process whenever there is a benefit denial, modification, or termination; 3. <u>Submission of Relevant Materials</u> . An opportunity for a plan member to submit relevant materials in connection with a review; 4. <u>Hearing Appearance</u> . An opportunity to appear at the board review hearing; |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|---|--|---|-----------------------|-----------------------|--|
| | | | | | 5. <u>Decision on the Record</u> . A board decision on the review request based on the record; and 6. <u>Right of Subsequent Court of Appeals Review</u> . Board review determination appeal to the State Court of Appeals. |
| 3 | 107.35-108.2 | HF 126 (Murphy, M.); SF 7 (Betzold) | -- | Repealer | Repeals M.S., Sec. 352.031 (MSRS appeals procedure) and 354.071 (TRA appeals procedure). |
| -- | Immediate effective date. | | | | |
| Article 7: Minneapolis Employees Retirement Fund Liquidity Changes | | | | | |
| 1 | 108.6-108.13 | Amendment to HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.01, Subd. 13a | Adds a definition of salary that includes amounts withheld from an employee's wages as a contribution to a union pension plan as a supplemental retirement plan. |
| 2 | 108.14-108.29 | HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.05, Subd. 2c | Allows MERF to invest assets with the SBI under M.S., Sec. 11A.14 or 11A.17. |
| 3 | 108.30-109.26 | HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.06, Subd. 3 | Permits the transfer of interest-bearing promissory notes from the Deposit Accumulation Fund to the Retirement Benefit Fund upon future retirements if the Deposit Accumulation Fund has insufficient assets for the transfer. |
| 4 | 109.27-110.14 | HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.06, Subd. 5 | Adds reference to the liquidity transfer note authority under Sec. 3 to the general transfer provision. |
| 5 | 110.15-110.32 | HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.06, Subd. 7 | Adds reference to the liquidity transfer note authority under Sec. 3 to the disability benefit fund provision. |
| 6 | 110.33-112.9 | HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.06, Subd. 8 | Adds reference to the liquidity transfer note authority under Sec. 3 to the retirement benefit fund provision. |
| 7 | 112.10-112.32 | HF 1313 (Thissen); SF 1141 (Betzold) | MERF | 422A.101, Subd. 3 | Makes language style and usage changes in the state contribution to MERF provision and makes references to the state annual minimum contribution consistent. |
| 8 | 112.33-112.34 | HF 1313 (Thissen); SF 1141 (Betzold) | -- | Repealer | Repeals M.S., Sec. 422A.101, Subd. 4, the provision that requires the city to fund any liquidity insufficiency of the Deposit Accumulate Fund as they occur. |
| 9 | 112.35-113.4 | Amendment to HF 1313 (Thissen); SF 1141 (Betzold) | -- | Effective Date | Local approval required for Sections 1-8. |
| Article 8: Minneapolis Police and Firefighters Relief Associations Changes | | | | | |
| 1 | 113.8-114.21 | HF 1941 (Kahn); SF 2036 (Larson) | Minneapolis Police | 423B.10, Subd. 1 | Increases certain survivor benefits and validates various past survivor benefit payments. |
| 2 | 114.22-115.28 | HF 2453 (Thissen); SF 2258 (Larson) | Minneapolis Fire | 423C.06, Subd. 2 | Increases the asset value available for distribution as a thirteenth check from one-half of one percent to one percent of relief association assets. |
| -- | Section 1 is effective retroactively from the effective date of Laws 1997, Ch. 233, Art. 4, Sec. 7, and Laws 2005, First Special Session, Ch. 8, Art. 11, Sec. 12. Section 2 is effective upon local approval. | | | | |
| Article 9: Volunteer Firefighter Benefit Changes | | | | | |
| 1 | 115.31-116.17 | HF 1976 (Murphy, M.); SF 425 (Betzold) | VFRAs | 424A.10, Subd. 1 | Revises the definition of "qualified recipient" for supplemental volunteer fire benefits to be limited to volunteer firefighters. |
| 2 | 116.18-117.5 | HF 1976 (Murphy, M.); SF 425 (Betzold) | VFRAs | 424A.10, Subd. 2 | Clarifies that survivors are eligible for a survivor supplemental benefit but not a qualified recipient supplemental benefit. |
| 3 | 117.6-117.19 | HF 1976 (Murphy, M.); SF 425 (Betzold) | VFRAs | 424A.10, Subd. 3 | Includes survivor supplemental benefits in the state reimbursement of supplemental benefits. |
| -- | Generally effective on July 1, 2007, with the state reimbursement retroactive to July 1, 2006. | | | | |
| Article 10: Various Retirement Law Changes | | | | | |
| 1 | 117.22-117.29 | Senate Gov Ops Committee Amendment | LCPR | 3.85, Subd. 10 | The Commission's Standards for Actuarial Work must not contain a valuation requirement inconsistent with generally accepted accounting principles applicable to government plans. |
| 2 | 117.30-118.19 | Betzold Amendment | Legislators Plan | 3A.02, Subd. 5 | Allows surviving spouse of a former legislator who dies before age 55 to elect optional annuity form when former legislator would have reached age 55, effective to include former legislator who died on March 5, 2007. |
| 3 | 118.20-119.10 | HF xxxx; SF 1762 (Betzold) | Legislators Plan | New Section 3A.021 | Permits early optional division of retirement allowance to former spouse of a former legislator under a marriage dissolution property settlement. |
| 4 | 119.11-119.17 | HF 2128 (Murphy, M.); SF 1760 (Betzold) | PERA | 43A.346, Subd. 1 | Adds PERA as employing unit covered by the state post-retirement option. |
| 5 | 119.18-120.9 | HF 2128 (Murphy, M.); SF 1760 (Betzold) | PERA | 43A.346, Subd. 2 | Clarifies that the "Rule of 90" is an unreduced retirement annuity for purposes of the state post-retirement option. |

Section-by-Section Summary of S.F. 430 (Betzold), the Second Engrossment

| Sec. | Pg.Ln-Pg.Ln | Source Bill(s) | Retirement Plan | Stat. Provision | Summary |
|------|--------------------------|---|--|--|---|
| 6 | 120.10-121.26 | HF 2078 (Murphy, M.); SF 1457 (Frederickson) | MSRS-General | 352.01, Subd. 2a | Permits Middle Management Association employees who are employed after July 1, 2007, and are not former state employees to be plan members. |
| 7 | 121.27-122.25 | HF 1010 (Hilstrom); SF 1042 (Neuville) | State Patrol Plan | 352B.01, Subd. 2 | Includes the statewide coordinator of the Gang and Drug Oversight Council in plan coverage if the person is a licensed peace officer. |
| 8 | 122.26-124.1 | HF 31 (Mullery); SF 31 (Metzen) | Public Safety Plans | 356.87 | Permits public safety employee plans to withhold health, accident, and long-term care insurance premiums from public safety employee annuities. |
| 9 | 124.2-125.8 | HF 1010 (Hilstrom); SF 1042 (Neuville) | Peace officer definition | 626.84, Subd. 1 | Adds statewide coordinator of the Gang and Drug Oversight Council to definition of "peace officer." |
| 10 | 125.9-126.5 | Nelson Amendment | Thief River Falls Police Trust Fund | Laws 1981, Ch. 68, Sec. 42, Subd. 1, as amended | Permits January 1, 2008, 3.5 percent post-0retirement adjustment for surviving spouse benefit recipients. |
| 11 | 126.6-128.32 | HF 2079 (Murphy, M.); SF 1841 (Pogemiller) | Various Retirement Plans | Laws 2006, Ch. 271, Art. 3, Sec. 43 | Extends the special early retirement incentive to 2009, with certain eligibility and other provision changes. |
| -- | Various effective dates. | | | | |

Article 11: Small Group/Single Person Provisions

| | | | | | |
|----|--------------------------|--|--------------|---------|---|
| 1 | 129.3-130.16 | HF 876 (Swails); SF 2016 (Saltzman) | PERA-General | Uncoded | Permits St. Paul Public Works Department employee to purchase service credit. |
| 2 | 130.17-130.28 | HF 1329 (Thissen); SF 929 (Betzold) | PERA-P&F | Uncoded | Exempts pre-2007 field investigator employees of the former Midwest Forensic Pathology, P.A., from reemployed annuitant earnings limitations. |
| 3 | 130.29-131.21 | HF 1779 (Sailer); SF 1626 (Skoe) | MSRS-General | Uncoded | Permits back annuity payments for delayed Combined Service Annuity annuitant. |
| 4 | 131.22-132.22 | HF 1783 (Faust); SF 948 (Lourey) | TRA | Uncoded | Permits sabbatical leave service credit purchase for Minneapolis teacher. |
| 5 | 132.23-133.22 | HF 1878 (Welti); SF 1853 (Senjem) | PERA-General | Uncoded | Permits Rochester School District Community Education Program teacher to purchase service credit. |
| 6 | 133.23-134.25 | HF 2130 (Peterson, A.); SF 1779 (Kubly) | PERA-General | Uncoded | Permits former Benson School District employee to file late disability benefit application. |
| -- | Various effective dates. | | | | |