



TO: Members of the 2010 Omnibus Retirement Bill Conference Committee
 FROM: Lawrence A. Martin, Executive Director *JAM*
 RE: Substantive Differences between SF 2918 (Betzold), Third Engrossment (S2918-3) and SF 2918 (Companion HF 3281 (Murphy, M.)) as Amended by the House (UES2918-1)
 DATE: May 10, 2010

Introduction

On May 5, 2010, the Senate passed SF 2918 (Betzold) (S2918-3). On May 7, 2010, the House substituted SF 2918 for HF 3281 (Murphy, M.) amended the bill to largely replicate HF 3281, and passed SF 2918 as amended (S2918-14A, S2918-16A, and RA10-488, with a verbal modification). The Commission staff has compared the two bills and has identified the substantive differences between the two versions of the bill.

Substantive Differences Between the Senate Version of SF 2918 (S2918-3) and the House Version of SF 2918 (UES2918-1)

Difference #1: Deferred Annuity Augmentation Interest Rate Effective Dates

Senate Version: Article 1 changes the interest rates on deferred annuities augmentation, as follows:

	<u>Retirement Plan:</u>	<u>Changes Effective:</u>
– Sec. 1 (3.10-3.26)	Legislators’ Plan	Dec. 31, 2010
– Sec. 8 (7.12-8.15)	MSRS-General	Dec. 31, 2010
– Sec. 9 (8.16-9.16)	MSRS-General (MTC employees)	June 30, 2012
– Sec. 20 (15.14-15.29)	State Patrol Plan	Dec. 31, 2010
– Sec. 41 (28.20-29.35)	PERA Plans	Dec. 31, 2011
– Sec. 55 (37.21-37.25)	TRA	June 30, 2012
– Sec. 64 (44.23-45.36)	DTRFA	July 1, 2010

House Version: Article 1 makes the identical rate changes, but with the following effective dates:

	<u>Retirement Plan:</u>	<u>Changes Effective:</u>
– Sec. 1 (3.12-3.26)	Legislators’ Plan	Dec. 31, 2011
– Sec. 8 (7.12-8.15)	MSRS-General	Dec. 31, 2011
– Sec. 9 (8.16-9.16)	MSRS-General (MTC employees)	June 30, 2011
– Sec. 20 (15.14-15.29)	State Patrol Plan	Dec. 31, 2011
– Sec. 41 (28.20-29.35)	PERA Plans	Dec. 31, 2012
– Sec. 55 (36.32-37.25)	TRA	June 30, 2011
– Sec. 64 (44.23-45.36)	DTRFA	July 1, 2012

Difference #2: SPTRFA Member/Employer Contribution Increase Rate Amount and Phase-In Period

Senate Version: Article 1, Sections 56-57 (39.4-39.13, 39.34-40.1, and 40.6-40.10)

- increases the SPTRFA Basic and Coordinated Program member contributions by one percent in four steps between July 1, 2011, and July 1, 2014; and
- increases the SPTRFA basic and coordinated program employer regular contribution by one percent in four steps between July 1, 2011, and July 1, 2014.

House Version: Article 1, Sections 56-57 (39.4-39.9, 39.26-39.33, and 40.1-40.5)

- increases the St. Paul Teachers Retirement Fund Association (SPTRFA) Basic Program and Coordinated Program member contributions by one-half of one percent in one step between June 30, 2010, and June 30, 2011;
- increases the SPTRFA Basic Program employer regular contribution by two percent in four steps between July 1, 2010, and July 1, 2014; and
- increases the SPTRFA Coordinated Program employer regular contribution by two percent in three steps between July 1, 2010 and July 1, 2013.

Difference #3: SPTRFA January 1, 2011, Post-Retirement Adjustment Suspension

Senate Version: Article 1, Section 86 (69.21-69.26), eliminates any post-retirement adjustment by the St. Paul Teachers Retirement Fund Association (SPTRFA) for January 1, 2011.

House Version: No provision.

Difference #4: Revitalized 2006 Early Retirement Incentive

Senate Version: Article 10 (140.11-142.16), revitalized an early retirement incentive first enacted in 2006 that expired in 2009 and increased the maximum incentive amount for deposit in the Minnesota Health Care Savings Account to the equivalent of unemployment compensation and employer-paid health, dental and life insurance payable in the event of a lay-off.

House Version: No provision (*removed by Amendment S2918-16A*).

Difference #5: Minimum and Maximum MERF Employer Post-FY2011 Contributions

Senate Version: Article 12, Section 17, Subdivision 7, Paragraph (e), (168.28-169.9) sets the annual employer supplemental contribution as the balance of the MERF Division full actuarial requirement without an annual minimum or an annual maximum.

House Version: Article 11, Section 17, Subdivision 7, Paragraph (e), (164.16-167.31) sets a minimum employer supplemental contribution of the larger of the balance of the MERF Division full actuarial requirement or \$27 million and sets a maximum annual contribution of \$34 million after fiscal year 2011 for the various employers with employees covered by the Minneapolis Employees Retirement Fund (MERF).

Difference #6: Additional State General Fund Contribution to the MERF Division

Senate Version: Article 12, Section 17, Subdivision 7, Paragraphs (e) and (f), and Section 21 (169.1, 169.14, and 179.13), increases the post-FY2011 State General Fund contribution for the MERF Division by \$27.5 million annually.

House Version: Article 11, Section 17, Subdivision 7, Paragraphs (e) and (f), and Sections 21 and 26 (166.36, 167.11, 176.28, and 177.13), provides the MERF Division of the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) with a one-time State General Fund appropriation of \$10 million in Fiscal Year 2011 and increases the post-FY2011 State General Fund contribution for the MERF Division by \$15 million annually.

Difference #7: Second Chance TRA Retirement Coverage Election for Austin, MN, MnSCU Employee

Senate Version: No provision.

House Version: Article 15, Section 2 (230.16-231.21), permits an employee of the Minnesota State Colleges and Universities System (MnSCU) who resides in Austin, Minnesota, and had future retirement coverage transferred from the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) to the MnSCU Individual Retirement Account Plan by default to elect Teachers Retirement Association (TRA) coverage for the MnSCU service with a payment of the full actuarial cost requirement.

Difference #8: MSRS-General/PERA-P&F Furlough Service and Salary Credit for U of M Employees

Senate Version: No provision.

House Version: Article 15, Sections 1 and 2 (23.24-232.8), permits administrative and clerical employees of the University of Minnesota covered by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) and University of Minnesota police officers covered by the Public Employees Police and Fire Retirement Plan (PERA-P&F) to obtain service and salary credit for any furlough period as if the period was a leave of absence.

Difference #9: Mandated Pension Commission Study-Defined Contribution Retirement Plan Coverage

Senate Version: No provision.

House Version: Article 1, Section 85 (69.11-69.21), mandates a study by a study group drawn from various state retirement plans, with administrative support provided by the staff of the Legislative Commission on Pensions and Retirement, of the feasibility, time, and manner of transferring Minnesota public employees to defined contribution retirement plan coverage.

Conclusion

I hope that this memorandum is of assistance to the Conference Committee. If you have any questions about this memorandum, please contact me (651-296-2750).