



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director
RE: Assemblage of the Potential 2012 Omnibus Retirement Bill through February 21, 2012
DATE: February 24, 2012

Introduction

From January 31, 2012, the Legislative Commission on Pensions and Retirement has been considering potential legislation that may be included in the Commission's recommendation for the 2012 Omnibus Retirement Bill. This memorandum summarizes the proposed legislation, as amended by the Commission, which has been laid over for possible inclusion in the 2012 Omnibus Retirement Bill through February 21, 2012.

Proposed Legislation for Potential Inclusion in the 2012 Omnibus Retirement Bill

The following proposed legislation has been heard by the Legislative Commission on Pensions and Retirement through February 21, 2012, and laid over for possible inclusion in the Commission's recommendation for the 2012 Omnibus Retirement Bill:

1. H.F. 215 (Rukavina); S.F. 106 (Tomassoni): PERA-P&F; Merger of Virginia Fire consolidation account. (*Art. 11*)
2. H.F. 1167 (Smith); S.F. 1182 (Rosen): PERA; Cedarview Care Center and Traverse Care Center privatizations. (*Art. 7*)
3. H.F. 1555 (Murphy, M.); S.F. 927 (Rosen): State Auditor's investment authority working group recommendations. (*Art. 10*)
4. H.F. 1626 (Murphy, M.); S.F. 1367 (Daley): MSRS-Unclassified; Coverage transfer provision clarified. (*Art. 5*)
5. H.F. 1759 (Smith, by request); S.F. 1181 (Rosen, by request): PERA privatizations; Decreasing augmentation rates applicable to new privatizations. (*Art. 7*)
6. H.F. 1987 (Lanning); S.F. 1692 (Rosen): TRA administrative provisions. (*Art. 8*)
7. H.F. 2005 (Kahn); S.F. 1604 (Dibble): Former Minneapolis Police Relief Association; providing for successor custodian for transferred health insurance account assets. (*Art. 11*)
8. H.F. 2028 (Gunther); S.F. 1633 (Rosen): Fairmont Police Relief Association consolidation into PERA-P&F. (*Art. 11*)
9. H.F. 2168 (Lanning); S.F. 2010 (Rosen): MN public plans; Select-and-ultimate interest rate, salary scale, and payroll growth actuarial assumption revisions. (*Art. 1*)
10. H.F. 2179 (Kiffmeyer); S.F. xxxx: MN public plans; Defined contribution plan coverage for irregular compensation. (*Art. 2*)
11. H.F. 2199 (Lanning); S.F. 1808 (Rosen): MSRS-Correctional; DHS plan coverage change recommendations. (*Art. 3*)
12. H.F. 2265 (Lanning); S.F. 1890 (Rosen): MSRS Health Care Savings Plan administrative provisions. (*Art. 4*)
13. H.F. 2266 (Lanning); S.F. 1891 (Rosen): PERA administrative provisions. (*Art. 6*)
14. H.F. 2360 (O'Driscoll); S.F. 2031 (Rosen): PERA; Membership salary threshold increased. (*Art. 6*)
15. H.F. 2411 (Lanning); S.F. 2009 (Rosen): TRA; Deferred annuity augmentation rates for pre-2010 deferred retirees. (*Art. 8*)

General Summary of H2199-6A, Potential 2012 Omnibus Retirement Bill through February 21, 2012

Article 1: Statutory Actuarial Assumption and Conforming Changes (*Derived from HF 2168/SF 2010*)

- The current undifferentiated pre-retirement interest rate assumption of 8.5% annually is replaced by a select-and-ultimate pre-retirement interest rate assumption for all statewide and major local Minnesota public retirement plans, with the pre-retirement select interest rate assumption set at 8.0% annually for the period July 1, 2012, to June 30, 2021, and with the pre-retirement ultimate interest rate assumption for the period beginning July 1, 2021, set at 8.5% annually.
- The current service-based salary scale actuarial assumptions for the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General), the Teachers Retirement Association (TRA), and the Public Employees Police and Fire Retirement Plan (PERA-P&F) were downsized in a general range of 0.75% to 1% consistent with the inflation assumption component suggested by Minnesota State Economist Tom Stinson.

- The current payroll growth actuarial assumption, used for calculating the level percentage of an increasing payroll amortization contribution, for all statewide and major local Minnesota public employee retirement plans except the Elective State Officers Retirement Plan, is downsized to 3.25%, consistent with the inflation assumption revision suggested by Minnesota State Economist Tom Stinson.
- For the period during which the lower select interest rate assumption will be in effect, the same lower interest rate is utilized on refund repayments, on payments of equivalent contributions for leaves, for purchases of prior service credit, and on unpaid or omitted deductions or contributions.
- By January 2013, all retirement plans affected by the interest rate actuarial assumption change are required to revise their annuity reserve factors, optional annuity forms and actuarial equivalent early retirement reduction factors, with the revisions required to be reviewed by the actuary retained by the Commission at the retirement plan's expense.

Article 2: Stacked Hybrid Retirement Arrangements for Irregular Compensation Amounts (Derived from HF 2179/SF xxx)

- The article defines irregular compensation as overtime pay and non-base pay amounts, excludes from general employee defined benefit retirement plan coverage amounts of irregular compensation, requires the member and employer contributions on irregular compensation be deposited in the Unclassified State Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified), and excludes irregular compensation-related contribution MSRS-Unclassified account accumulations from transfer to the MSRS General State Employees Retirement Plan (MSRS-General) defined benefit retirement annuity.

Article 3: MSRS-Correctional Plan Membership Changes (Derived from HF 1987/SF 1692, Art. 1, and HF 2199/SF 1808)

- The article amends portions of the provision delineating the membership of the Correctional State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional), by adding the employment classification of psychiatric advanced practice registered nurse to the nursing personnel inclusion provision, by changing the employment classifications of corrections program therapist 1, corrections program therapist 2, corrections program therapist 3, and corrections program therapist 4 to clinical program therapist 1, clinical program therapist 2, clinical program therapist 3, and clinical program therapist 4 in the other correctional personnel inclusion provisions, by adding the employment classifications of clinical program therapist 1, clinical program therapist 2, clinical program therapist 3, and clinical program therapist 4 to the additional Department of Human Services personnel inclusion provision, and by providing the Department of Human Services a one-year period to reconfigure the former Minnesota Extended Treatment Options Program at Cambridge before its remaining MSRS-Correctional plan covered personnel would lose special retirement coverage for Department of Human Services employment at the Cambridge facility.

Article 4: Health Care Savings Plan Modifications (Derived from HF 2265/SF 1890)

- Allows the use of MSRS Health Care Savings Plan assets following employment termination, and in other circumstances specified in the plan document, rather than following termination or during active employment.
- Clarifies the reimbursement for expenses so that any assets remaining after the death of the participant and the participant's spouse must be used solely by a living person or persons designated by the personal representative of the estate for reimbursement of health care-related expenses.
- Allows administrative fees not needed to cover current costs to be used to cover fees in future years, rather than in just the following year.

Article 5: MSRS-Unclassified Retirement Program Modifications (Derived from HF 1626/SF 1367)

- Clarifies for the Unclassified Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified) transfer to the MSRS General State Employees Retirement Plan (MSRS-General) provision that initial employment determines that post-June 30, 2010, employees are prohibited from transferring to MSRS-General after the first seven years of service, rather than applying that restriction to any existing employee who continues in employment beyond June 30, 2010, and repositions various portions of the provision to improve its readability.

Article 6: PERA-Administered Retirement Plan Modifications (Derived from HF 2266/SF 1891 and HF2360/SF2031)

- Replaces the current \$425 monthly salary minimum threshold amount in the portion of the Public Employees Retirement Association (PERA) law defining “public employee” for determining defined benefit retirement plan membership inclusions and exclusions with a revised monthly salary amount, set at \$773 per month for Fiscal Year 2013 and reset annually for each subsequent fiscal year by adding an amount rounded up or down to the nearest full dollar, determined by applying the percentage increase in the federal Consumer Price Index (CPI-U) from December 2011 to the most recent December, calculated and promulgated by the PERA executive director, effective on July 1, 2012.
- Corrects a cross-reference in the PERA allowable service provision.
- Clarifies the dates for supplemental employer contributions and the actuarial valuations upon which the contributions are based for the Minneapolis Employees Retirement Fund (MERF) account contribution provision for the merged MERF plan.

Article 7: Revisions in the PERA Privatization Law (Derived from HF1167/SF1182 and HF1759/SF1181)

- The definition of "medical facility" for application of the PERA privatization law, Minnesota Statutes, Chapter 353F, is updated to include the two most recent medical facilities covered by the special benefit provisions, Cedarview Care Center in Steele County and Traverse Care Center in Traverse County.
- The enhanced deferred annuity augmentation under the privatization law is modified to reduce the rate for post-December 31, 2010, privatizations to two percent to one percent, whichever percentage is supported by the actuarial gain resulting from the privatization.
- The privatization law refund effect provision was amended to reduce the interest rate to the current PERA-General refund interest rate.

Article 8: TRA Administrative Changes and Related Modifications (Derived from HF1987/SF 1692 and HF2411/SF2009)

- Revises the actuarial valuation interest and salary assumptions provision for Minnesota public defined benefit plans, by removing obsolete language.
- Revises the TRA post-retirement adjustment procedure for prorating the first benefit adjustment after retirement for retirees who retired within 18 months before a benefit adjustment.
- Consolidates into TRA law the various retirement state aid and related programs that TRA inherited when the Minneapolis Teachers Retirement Fund Association was consolidated into TRA, with appropriate cross-reference updates and other conforming changes.
- Adds a special law TRA recovery of a funding payment deficiency provision to recover past deficiencies by the City of Minneapolis, and to address findings by the Office of the Legislative Auditor in two recent TRA audits where the City of Minneapolis repeatedly failed to make the full required payments under two state matching aid provisions.
- Eliminates any deferred annuity reductions that would otherwise apply for deferred TRA retirees who terminated active service before the enactment date of the 2010 Omnibus Retirement Bill Financial Sustainability Provisions.

Article 9: Federal Internal Revenue Code Conformity Provisions (Derived from HF1987/SF 1692 and HF2266/SF1891)

- Revises the maximum benefit limitation provision to comply with federal IRC § 415(b).
- Revises a federal compensation limit provision applicable to all plans by requiring that any differential wage payment must be treated as compensation for purposes of determining whether a limitation on wages for pension purposes has been exceeded.
- Revises the annual addition (contribution) limitation provision initially applicable to defined contribution plans to apply to all Minnesota defined contribution plans, not just to the MSRS Unclassified Employees Retirement Program and the Public Employees Defined Contribution Retirement Plan.
- Revises the definition of "compensation" for federal Internal Revenue Code compliance purposes by clarifying that the compensation limit for pension purposes cannot be exceeded, and by indicating that

compensation must take into account the various exclusions and inclusions in federal Treasury Department regulations.

- Defines "limitation year" by moving existing language from another statutory provision.

Article 10: Authorized Public Pension Fund Investment Revisions *(Derived from HF 1555/SF 927)*

- Creates authority for SBI to invest in exchange-traded funds (ETFs), and permits unlimited use of mutual funds rather than limiting mutual funds to a small portion of the total portfolio.
- Eliminates a requirement that financial statements for managed funds be prepared by the State Board of Investment.
- Creates new investment authority for volunteer fire plans, with limited list plans authorized to invest in ETFs and in junk bonds if the bond investment is through mutual funds or ETFs and with expanded list plans given explicit authority to invest in junk bonds with or without the use of mutual funds or ETFs.
- For expanded list plans other than volunteer fire plans, a cap limiting international debt and emerging market equity investments to no more than 20% of the total portfolio is removed, while volunteer fire expanded list plans will be subject to a 15% cap.
- For all plans, any investment in the SBI Supplemental Fund must be included in determining whether portfolio asset mix limits are met.
- Makes technical corrections and removes obsolete language, makes the expanded list investment authority provision more comparable to that of SBI, and moves SBI Supplemental Plan and junk bond investment authority from various first class city teacher plan law and police and paid fire law provisions to the expanded list provision.

Article 11: Local Relief Association or Consolidation Account Mergers with PERA-P&F. *(Derived from HF215/SF106, HF2005/SF1604, and HF2028/SF1633)*

- The 2011 Minneapolis Police Relief Association (MPRA) special health insurance account trustee provision is amended to permit a shift in the designated trustee necessitated by the cancellation of the trustee contract by the pre-2012 trustee.
- The Fairmont Police Relief Association is totally consolidated into the Public Employees Police and Fire Retirement Plan (PERA-P&F), with a 15.6% benefit increase for the affected service pensioners and survivor benefit recipients, by legislative mandate, with a transfer of current relief association assets and the amortization of any remaining unfunded actuarial accrued liability transferred to PERA-P&F by December 31, 2020, or the return of any overfunding to the City of Fairmont and the termination of the Fairmont Police Relief Association and the repeal of the Fairmont Police Relief Association special laws.
- The Virginia Fire Consolidation Account is totally merged into the Public Employees Police and Fire Retirement Plan (PERA-P&F) by legislative mandate, with any overfunding used to provide two (one-half of overfunding each) ad hoc post-retirement adjustments to former consolidation account benefit recipients, and the termination of the consolidation account and the repeal of Virginia Fire Relief Association special laws.
- The provisions specific to the Fairmont Police Relief Association and the provisions specific to the Virginia Fire Relief Association in Minnesota Statutes, Chapters 69, 356, 423, and 423A, are removed or repealed.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
Article 1: Statutory Actuarial Assumption and Conforming Changes					
1	1.7	HF 2168 (Lanning); SF 2010 (Rosen)	Legislators Plan	3A.03, Subd. 2	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
2	2.1	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.01, Subd. 13a	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
3	2.17	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.017, Subd. 2	Resets the interest rate on equivalent contributions for a leave made in one year consistent with the select & ultimate pre-retirement interest rate assumption change.
4	3.9	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.04, Subd. 8	Resets the interest rate on past due unpaid deductions and contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
5	4.1	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.04, Subd. 9	Resets the interest rate on erroneous deduction amounts consistent with the select & ultimate pre-retirement interest rate assumption change.
6	4.24	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.23	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
7	5.9	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.27	Resets the interest rate on equivalent contributions for military service leave periods consistent with the select & ultimate pre-retirement interest rate assumption change.
8	6.23	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS-General	352.271	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
9	7.10	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS- Correctional	352.955, Subd. 2	For pre-2007 coverage transfers, sets the interest rate on additional equivalent contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
10	8.8	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS- Correctional	352.955, Subd. 3	For post-2007 coverage transfers, sets the interest rate on additional equivalent contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
11	9.26	HF 2168 (Lanning); SF 2010 (Rosen)	State Patrol Plan	352B.013, Subd. 2	Resets the interest rate on equivalent contributions for a leave made in one year consistent with the select & ultimate pre-retirement interest rate assumption change.
12	10.19	HF 2168 (Lanning); SF 2010 (Rosen)	State Patrol Plan	352B.085	Resets the interest rate on equivalent contributions for a leave made in one year consistent with the select & ultimate pre-retirement interest rate assumption change.
13	11.2	HF 2168 (Lanning); SF 2010 (Rosen)	State Patrol Plan	352B.086	Resets the interest rate on equivalent contributions for military service leave periods consistent with the select & ultimate pre-retirement interest rate assumption change.
14	12.13	HF 2168 (Lanning); SF 2010 (Rosen)	State Patrol Plan	352B.11, Subd. 4	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
15	12.24	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS- Unclassified	352D.05, Subd. 4	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
16	13.6	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS- Unclassified	352D.11, Subd. 2	For an authorized service credit purchase, sets the interest rate consistent with the select & ultimate pre-retirement interest rate assumption change.
17	13.19	HF 2168 (Lanning); SF 2010 (Rosen)	MSRS- Unclassified	352D.12	For a transfer of previously made contributions from a defined benefit plan, resets interest on the prior contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
18	14.12	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.01, Subd. 16	Resets the interest rate on equivalent contributions for a leave made in one year and for military service leave periods consistent with the select & ultimate pre-retirement interest rate assumption change.
19	17.29	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.0161, Subd. 2	For an authorized service credit purchase, sets the interest rate consistent with the select & ultimate pre-retirement interest rate assumption change.
20	18.19	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.0162	For the purchase of salary credit during periods of reduced salary, resets interest consistent with the select & ultimate pre-retirement interest rate assumption change.
21	20.1	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.27, Subd. 7a	Resets the interest rate on erroneous deduction amounts consistent with the select & ultimate pre-retirement interest rate assumption change.
22	20.32	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.27, Subd. 12	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
23	22.9	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.27, Subd. 12a	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
24	22.30	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.28, Subd. 5	For various payments due, sets the interest consistent with the select & ultimate pre-retirement interest rate assumption change.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
25	23.5	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-General	353.35, Subd. 1	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
26	23.19	HF 2168 (Lanning); SF 2010 (Rosen)	PERA-P&F	353.065, Subd. 8	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
27	24.15	HF 2168 (Lanning); SF 2010 (Rosen)	TRA	354.42, Subd. 7	Resets the interest rate on erroneous deduction amounts consistent with the select & ultimate pre-retirement interest rate assumption change.
28	25.25	HF 2168 (Lanning); SF 2010 (Rosen)	TRA	354.50, Subd. 2	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
29	25.32	HF 2168 (Lanning); SF 2010 (Rosen)	TRA	354.51, Subd. 5	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
30	27.22	HF 2168 (Lanning); SF 2010 (Rosen)	TRA	354.52, Subd. 4	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
31	28.2	HF 2168 (Lanning); SF 2010 (Rosen)	TRA	354.72, Subd. 2	For an authorized service credit purchase, sets the interest rate consistent with the select & ultimate pre-retirement interest rate assumption change.
32	28.27	HF 2168 (Lanning); SF 2010 (Rosen)	First class city teacher plans	354A.093, Subd. 6	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
33	29.2	HF 2168 (Lanning); SF 2010 (Rosen)	First class city teacher plans	354A.096	Resets the interest rate on equivalent contributions for a leave made in one year consistent with the select & ultimate pre-retirement interest rate assumption change.
34	29.27	HF 2168 (Lanning); SF 2010 (Rosen)	DTRFA	354A.108	For the purchase of salary credit during periods of reduced salary, resets interest consistent with the select & ultimate pre-retirement interest rate assumption change.
35	30.23	HF 2168 (Lanning); SF 2010 (Rosen)	First class city teacher plans	354A.38, Subd. 3	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
36	30.32	HF 2168 (Lanning); SF 2010 (Rosen)	MnSCU IRAP	354B.23, Subd. 5	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
37	31.17	HF 2168 (Lanning); SF 2010 (Rosen)	MnSCU Supplemental	354C.12, Subd. 2	Resets the interest rate on past due unpaid deductions/contributions consistent with the select & ultimate pre-retirement interest rate assumption change.
38	31.33	HF 2168 (Lanning); SF 2010 (Rosen)	Statewide and major local plans	356.195, Subd. 2	For the grant of service credit for a strike period, sets the interest consistent with the select & ultimate pre-retirement interest rate assumption change.
39	32.21	HF 2168 (Lanning); SF 2010 (Rosen)	Actuarial reporting law	356.215, Subd. 1	Eliminates obsolete definitions of the actuarial value of assets.
40	37.19	HF 2168 (Lanning); SF 2010 (Rosen)	Statewide and major local plans	356.215, Subd. 8	Sets a select & ultimate interest rate assumption of 8% for the period from 6/30/2012 to 6/30/2021, and an ultimate interest rate assumption of 8.5% after 6/30/2021, resets the ultimate salary increase assumption for MSRS-General, PERA-General, TRA, and PERA-P&F consistent with the revised select pre-retirement interest rate assumption, and resets the payroll growth assumption for all statewide and major local retirement plans except the Elective State Officers plan consistent with the revised ultimate salary increase assumption.
41	42.29	HF 2168 (Lanning); SF 2010 (Rosen)	Statewide and major local plans	356.44	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
42	43.15	HF 2168 (Lanning); SF 2010 (Rosen)	Statewide and major local plans	356.50, Subd. 2	For an authorized service credit purchase, sets the interest rate consistent with the select & ultimate pre-retirement interest rate assumption change.
43	44.4	HF 2168 (Lanning); SF 2010 (Rosen)	Statewide and major local plans	356.551, Subd. 2	For an authorized service credit purchase, sets the interest rate consistent with the select & ultimate pre-retirement interest rate assumption change.
44	45.14	HF 2168 (Lanning); SF 2010 (Rosen)	Judges plan	490.121, Subd. 4	Resets the interest rate on equivalent contributions for a leave made in one year consistent with the select & ultimate pre-retirement interest rate assumption change.
45	46.2	HF 2168 (Lanning); SF 2010 (Rosen)	Judges plan	490.1211	Resets the interest rate on equivalent contributions for military service leave periods consistent with the select & ultimate pre-retirement interest rate assumption change.
46	47.13	HF 2168 (Lanning); SF 2010 (Rosen)	Judges plan	490.124, Subd. 12	Resets the interest on a repayment of a refund consistent with the select & ultimate pre-retirement interest rate assumption change.
47	47.28	HF 2168 (Lanning); SF 2010 (Rosen)	Various plans	Uncoded	Requires a revision in all annuity reserve factors, optional annuity form factors, and actuarial equivalent early retirement factors before 1/1/2013 to be reviewed by the Commission actuary at the retirement plan's cost.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
Article 2: Stacked Hybrid Retirement Arrangements for Irregular Compensation Amounts					
1	48.14	HF 2179 (Kiffmeyer); SF xxxx	MSRS- General	352.01, Subd. 13	Modifies the "salary" definition to exclude the amounts of irregular compensation as defined in new Sec. 356.307.
2	49.5	HF 2179 (Kiffmeyer); SF xxxx	MSRS- General	352.04, Subd. 4	Revises the payroll deduction to require specific reporting of contributions on irregular compensation amounts.
3	49.21	HF 2179 (Kiffmeyer); SF xxxx	MSRS- Unclassified	352D.02. Subd. 1	Adds to coverage for the purpose of irregular compensation-based contributions members of the various general employee and correctional employee retirement plans.
4	51.24	HF 2179 (Kiffmeyer); SF xxxx	MSRS- Unclassified	352D.02, New Subd. 7	Requires the transfer of contributions on irregular compensation amounts by the various retirement plan administrators and excludes participants for irregular compensation from any transfer to MSRS-General.
5	52.4	HF 2179 (Kiffmeyer); SF xxxx	MSRS- Unclassified	352D.04. Subd. 2	Specifies the member and employer contribution rates for irregular compensation as the applicable contribution rates for the primary defined benefit retirement plan coverage.
6	52.28	HF 2179 (Kiffmeyer); SF xxxx	PERA- General	353.01, Subd. 10	Modifies the "salary" definition to exclude the amounts of irregular compensation as defined in new Sec. 356.307.
7	54.18	HF 2179 (Kiffmeyer); SF xxxx	PERA- General	353.27, Subd. 4	Revises the payroll deduction to require specific reporting of contributions on irregular compensation amounts.
8	56.12	HF 2179 (Kiffmeyer); SF xxxx	TRA	354.05, Subd. 35	Modifies the "salary" definition to exclude the amounts of irregular compensation as defined in new Sec. 356.307.
9	57.11	HF 2179 (Kiffmeyer); SF xxxx	TRA	354.52, Subd. 4b	Revises the payroll deduction to require specific reporting of contributions on irregular compensation amounts.
10	57.33	HF 2179 (Kiffmeyer); SF xxxx	First class city teacher plans	354A.011, Subd. 24	Modifies the "salary" definition to exclude the amounts of irregular compensation as defined in new Sec. 356.307.
11	58.35	HF 2179 (Kiffmeyer); SF xxxx	First class city teacher plans	354A.012, Subd. 5	Revises the payroll deduction to require specific reporting of contributions on irregular compensation amounts.
12	60.19	HF 2179 (Kiffmeyer); SF xxxx	Retirement, generally	New 356.307	Defines irregular compensation amounts as overtime pay, shift differential pay, extra-curricular services pay, extra duty services pay, uniform allowances, employment incentive pay, bonus pay, in-lieu-of-leave pay, non-duty day service pay, recognition reward pay, or payments in lieu of insurance coverage.
13	61.7	HF 2179 (Kiffmeyer); SF xxxx	Judges	490.121, New Subd. 21g	Modifies the "salary" definition to exclude the amounts of irregular compensation as defined in new Sec. 356.307.
14	61.11	HF 2179 (Kiffmeyer); SF xxxx	Judges	490.124, New Subd. 15	Revises the payroll deduction to require specific reporting of contributions on irregular compensation amounts.
15	61.16	HF 2179 (Kiffmeyer); SF xxxx	--	Effective Date	Effective for irregular compensation for the first full payroll period after 6/30/2012.

Article 3: MSRS-Correctional Plan Membership Changes

1	61.21	HF 2199 (Lanning); SF 1808 (Rosen)	MSRS- Correctional	352.91, Subd. 3c	Adds to plan membership the occupational title "psychiatric advance practice registered nurse."
2	62.4	HF 1987 (Lanning); SF 1692 (Rosen)	MSRS- Correctional	352.91, Subd. 3d	Reflects in plan membership the renaming of "corrections program therapist 1, 2, 3, & 4" as "clinical program therapist 1, 2, 3, & 4."
3	63.19	HF 2199 (Lanning); SF 1808 (Rosen)	MSRS- Correctional	352.91, Subd. 3f	Adds to Dept. of Human Services personnel plan membership provision the occupational titles "clinical program therapist 1, 2, 3, & 4."
4	64.29	Amendment H2199-2A	MSRS- Correctional	Repealer	Repeals Sec. 352.91, Subd. 3e, the METO Program Cambridge plan membership provisions, effective as of the end of May 2013.

Article 4: MSRS Health Care Savings Plan Modifications

1	65.3	HF 2265 (Lanning); SF 1890 (Rosen)	MSRS Health Care Savings Plan	352.98, Subd. 3	Allows the use of plan assets following termination, and in other circumstances specified in the plan document, rather than following termination or during active employment.
2	65.24	HF 2265 (Lanning); SF 1890 (Rosen)	MSRS Health Care Savings Plan	352.98, Subd. 4	Clarifies the reimbursement for expenses so that any assets remaining after the death of the participant and the participant's spouse must be used solely by a living person or persons designated by the personal representative of the estate for reimbursement of health care-related expenses.
3	66.4	HF 2265 (Lanning); SF 1890 (Rosen)	MSRS Health Care Savings Plan	352.98, Subd. 5	Allows fees not needed to cover current costs to be used to cover fees in future years, rather than in just the following year.
4	66.9	HF 2265 (Lanning); SF 1890 (Rosen)	MSRS Health Care Savings Plan	352.98, Subd. 8	Revises spelling in an exemption from process subdivision.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
Article 5: MSRS-Unclassified Retirement Program Modifications					
1	66.18	HF 1626 (Murphy, M); SF 1367 (Daley)	MSRS- Unclassified	352D.02, Subd. 3	Clarifies that it is MSRS-Unclassified employees first employed after 6/30/2010 who are prohibited from transferring to MSRS-General after the first seven years of service, rather than applying the restriction to any existing employee who continues in employment beyond 6/30/2010.
Article 6: PERA-Administered Retirement Plan Modifications					
1	67.29	HF 2360 (O'Driscoll) SF 2031 (Rosen)	PERA-General, -P&F, and -Correctional	353.01, Subd. 2a	Replaces in the plan membership inclusion provision a specific dollar membership threshold amount with a cross-reference to the membership threshold determination process provision in new Subd. 2e.
2	69.9	HF 2360 (O'Driscoll) SF 2031 (Rosen)	PERA-General, -P&F, and -Correctional	353.01, Subd. 2b	Replaces in the plan membership exclusion provision a specific dollar membership threshold amount with a cross-reference to the membership threshold determination process provision in new Subd. 2e.
3	72.25	HF 2360 (O'Driscoll) SF 2031 (Rosen)	PERA-General, -P&F, and -Correctional	353.01, New Subd. 2e	Resets membership threshold amount at \$773 for FY 2013 and \$773 plus the Consumer Price Index increase amount after 6/30/2013 determined annually by the PERA.
4	73.2	HF 2266 (Lanning); SF 1891 (Rosen)	PERA-General, -P&F, and -Correctional	353.01, Subd. 16	Revises the PERA allowable service provision by correcting a cross-reference.
5	76.14	HF 2266 (Lanning); SF 1891 (Rosen)	PERA- MERF Division	353.50, Subd. 7	Revises the MERF account contribution provision by clarifying the dates for supplemental employer contributions and the actuarial valuations upon which the contributions are based.
6	78.14	Amendment H2266-3A	PERA-P&F	353.656, Subd. 2	Revises the imposition and calculation of a workers' compensation offset in the event of disability benefit receipt.
Article 7: Revisions in the PERA Privatization Law					
1	79.16	HF 1167 (Smith); SF 1182 (Rosen)	PERA Privatizations	353F.02, Subd. 4	Adds Cedarview Care Center in Steele County and Traverse Care Center in Traverse County to the definition of medical facility, specifying the application of the law.
2	80.8	HF 1759 (Smith); SF 1181 (Rosen)	PERA Privatizations	353F.04, Subd. 1	Reduces the enhanced deferred annuity augmentation rate to 2% for post-12/31/10 privatizations with the sufficient actuarial gain, or 1% with a smaller actuarial gain.
3	81.4	Amendment H1759-1A	PERA Privatizations	353F.07	Indexes the refund interest rate for privatized employees to the PERA-General law instead of a 6% compound interest rate.
Article 8: TRA Administrative Changes and Related Modifications					
1	81.20	Amendment 1987-6A	TRA	16A.06 Subd. 9	Revises and updates a requirement that the MMB commissioner report state aid amounts being paid to first class city teacher plans by specifying TRA as the successor to the former MTRFA.
2	81.31	HF 1987 (Lanning); SF 1692 (Rosen)	Education funding levy provision	126C.41, Subd.3	Cross-references in an education funding retirement levy provision are revised to conform with other revisions in the article.
3	82.31	HF 1987 (Lanning); SF 1692 (Rosen)	TRA	New 354.435	Two aid provisions are moved from other statutes to a new provision in the TRA chapter. In Subd. 1, as special direct state matching aid, each fiscal year the City of Minneapolis and the Mpls. school district must each contribute \$1.25 million to TRA, which the state shall match with an annual \$2.5 million contribution. In Subd. 2, as additional contribution amounts, in addition to any other required contributions the City of Mpls. and the Mpls. school district must each contribute an additional \$1 million. This section is repealed when TRA becomes fully funded.
4	84.1	HF 1987 (Lanning); SF 1692 (Rosen)	TRA	354.51, Subd. 5	The TRA payment of shortages provision is revised by striking shortage recapture language which is moved to another section.
5	85.21	HF 1987 (Lanning); SF 1692 (Rosen)	TRA	New 354.512	Specifies a procedure for recovering contribution/aid payment deficiencies, based on language moved from 354.51, Subd. 5. In addition to any other remedies in law, if an employing unit fails to pay in full within 60 days any aid or contributions required to be remitted to TRA, the executive director may certify amounts to the MMB commissioner, who will withhold needed amounts from aid to the employing unit and transmit the amounts to TRA.
6	85.30	HF 2411 (Lanning); SF 2009 (Rosen)	TRA	354.55, Subd. 11	Provides former teachers under TRA in deferred retirement status prior to the enactment date of 2010 legislation which reduced deferred annuity augmentation rates after 6/30/2012 with the treatment specified in prior law, shielding them from reductions in deferred annuity augmentation that would otherwise apply.
7	87.35	HF 1987 (Lanning); SF 1692 (Rosen)	TRA	354A.12, Subd. 3c	A termination of supplemental contributions and direct matching aid provision is revised by striking language moved to new Sec. 354.435.
8	88.15	HF 1987 (Lanning); SF 1692 (Rosen)	MN defined benefit plans	356.215, Subd. 8	The actuarial valuation interest and salary assumption provision is revised by clarifying the provision and removing obsolete language.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
9	93.13	HF 1987 (Lanning); SF 1692 (Rosen)	TRA	356.415, Subd. 1d	The TRA post-retirement adjustment procedures provision is revised by paying prorated adjustments rather than full adjustments to those who are retired up to 18 months rather than 12 months prior to the adjustment.
10	94.24	HF 1987 (Lanning); SF 1692 (Rosen)	SPTRFA, TRA	423A.02, Subd. 3	The reallocation of amortization or supplementary amortization state aid provision is revised to simplify the provision and by striking obsolete language and language being moved to another provision.
11	95.34	HF 1987 (Lanning); SF 1692 (Rosen)	TRA	Uncoded	TRA is specifically authorized to recover past shortfalls in payments which the City of Minneapolis has been required to make to the former MTRFA and to TRA as the successor to MTRFA, under the state matching aid provision in Sec. 354A.12, Subd. 3b, and an aid reallocation provision, Sec. 423A.02, Subd. 3. The amount to be recovered is the cumulative amount of the shortfalls, which began in 1998 and is computed by the Legislative Auditor to be \$727,070. TRA is authorized to certify this amount, plus interest if not already included in the auditor's calculation, to the MMB commissioner, who will deduct the needed amount from state aid to the city.
12	96.26	HF 1987 (Lanning); SF 1692 (Rosen)	--	Repealer	Section128D.18, an aid rededication provision for the Minneapolis school district made redundant by subsequent legislation, and Sec.128D 354A.12, Subd. 3b, the special direct state matching aid language being moved to new Sec. 354.435, are repealed.

Article 9: Federal Internal Revenue Code Conformity Provisions

1	97.3	HF 2266 (Lanning); SF 1891 (Rosen)	Various plans	356.611, Subd. 2	Revises a federal compensation limit provision applicable to all plans by stating that any differential wage payment must be treated as compensation for purposes of determining whether wages for pension purposes have been exceeded.
2	97.22	HF 1987 (Lanning); SF 1692 (Rosen)	MN defined benefit plans	356.611, Subd. 3	The federal code compliance maximum benefit limitation provision is revised by striking language specifying the limitation year (moved to a new provision), and to specify that if an annuitant participated in more than one pension plan maintained by the same employer, the benefits under each plan must be reduced proportionately to satisfy any applicable limitation.
3	98.1	HF 1987 (Lanning); SF 1692 (Rosen)	MN defined contrib. plans	356.611, Subd. 3a	The federal code compliance maximum annual additional limitation provision is revised by removing obsolete language and by generalizing the provision to apply to all defined contribution plans.
4	98.10	HF 1987 (Lanning); SF 1692 (Rosen)	MN public plans	356.611, Subd. 4	The federal code compliance compensation definition provision is revised by clarifying that compensation for pension plan purposes must not exceed compensation limits for pension plan purposes as set in applicable federal treasury regulations, and by removing all statements specifying compliance with federal code.
5	98.25	HF 1987 (Lanning); SF 1692 (Rosen)	MN public plans	356.611, New Subd. 5	A new subdivision (containing language moved from another provision) is added defining "limitation year" as the plan's calendar year or fiscal year, whichever is applicable, for purposes of complying with federal code.
6	98.31	Amendment H1987-7A	Various plans	356.635, Subd. 6	Revises a federal compliance provision by including references to Roth IRAs as eligible retirement plans.
7	99.25	Amendment H1987-7A	Various plans	356.635, Subd. 9	Revises a federal compliance provision by including a reference to military death and disability benefits in a military service compliance provision.

Article 10: Authorized Public Pension Fund Investment Revisions

1	99.33	Amendment H1555-19A	State Board of Investment	11A.07, Subd. 4	Eliminates a requirement for including financial statements for its funds under generally accepted accounting principles from an annual reporting requirement.
2	101.8	Amendment H1555-19A	State Board of Investment	11A.14, Subd. 14	Eliminates a requirement for providing participants with financial statements prepared under generally accepted accounting principles.
3	101.14	HF1555 (Murphy, M.); SF 927 (Rosen)	State Board of Investment	11A.24	The SBI authorized investment provision is revised as follows: <ul style="list-style-type: none"> – Permits SBI to use mutual funds without limit and adds new authority to use exchange-traded funds without limit; – Clarifies the United States and Canadian government debt investment authority subdivision and removes obsolete language; – Clarifies the United States and Canadian corporate bond investment authority subdivision, including revising the limit on below-investment grade bonds to not exceed 5% of the fund based on market value, rather than market or book value, whichever is greater; – Clarifies the miscellaneous debt investments provision; – Clarifies the domestic stock provision, and moves the existing limitation on equity and equity-like investments to new Subd. 5a; – Revises the venture capital language to permit "equity and debt" investment businesses through limited partnership, trusts, private placements, and similar arrangements, rather than "venture capital" investment businesses through those arrangements; and – Clarifies the asset manager appropriation language provision.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
4	106.6	HF1555 (Murphy, M.); SF 927 (Rosen)	Local police and paid fire	69.77, Subd. 9	A local police and paid fire investment authority provision is revised by reformatting the provision and by removing mutual fund and below-investment grade bond investment authority language which is being moved to the expanded list investment authority provision in Sec. 10.
5	107.4	HF1555 (Murphy, M.); SF 927 (Rosen)	VFRAs	69.775	A volunteer fire investment authority provision is revised by reformatting the provision, and by removing mutual fund investment authority language which is being moved to the expanded list investment authority provision in Sec.10.
6	107.29	HF1555 (Murphy, M.); SF 927 (Rosen)	First class city teachers	354A.08	A first class city teacher investment authority provision is revised by removing below-investment grade bond investment authority which is being moved to the expanded list investment authority provision in Sec.10.
7	108.16	Amendment H1555-39A	Various defined contrib. plans	356.219, Subd. 1	Excludes various self-directed defined contribution retirement funds from an investment performance reporting requirement.
8	109.9	Amendment H1555-39A	Various defined contrib. plans	356.219, Subd. 8	Eliminates references in a reporting requirement for obsolete or inapplicable retirement funds.
9	109.31	HF1555 (Murphy, M.); SF 927 (Rosen)	Limited list plans	356A.06, Subd. 6	The limited list investment authority provision is revised as follows: <ul style="list-style-type: none"> – Bases the criteria for inclusion as a limited list plan on market value rather than book value; – Adds a new paragraph authorizing pension plan governing boards to select and appoint investment authorities to act on their behalf (language is moved here from local police and paid fire, volunteer fire, and first class city teacher plan investment authority provisions); – Expands the authorized debt investments to be more similar to that permitted by expanded list plans, including permitting investments in high-grade guaranteed investment contracts; modernizing criteria defining permitted government-backed securities and permitting investment in similar Canadian securities; eliminating criteria based on multi-year pre-tax earnings for permitted corporate debt obligations and replacing it with a requirement that the securities be rated as investment-grade by a nationally recognized ratings agency; – Authorizes investing in limited list permitted investments through ETFs; – Moves to this provision authority for limited list plans to invest in assets authorized for expanded list plans (other than miscellaneous "other investments" found in the expanded list provision, Section 6, paragraph (h)), if the investment is through a mutual fund, and expands this to include investments through ETFs; – Moves to this provision authority to invest in the SBI Supplemental Fund; and – Clarifies that the pension fund's asset mix must not exceed 85% in equity/equity-like investments, including the SBI Supplemental Fund.
10	112.17	HF1555 (Murphy, M.); SF 927 (Rosen)	Expanded list plans	356A.06, Subd. 7	The expanded list investment authority provision is revised as follows: <ul style="list-style-type: none"> – Obsolete language is removed; – Permits expanded list volunteer fire plans to invest in below-investment grade bonds; – Authorizes investments in closed-end mutual funds (and places a 20% ownership interest maximum in any closed-end mutual fund and in any real estate investment trust); – Revises the "other investments" provision to be identical to the proposed revised SBI provision; – Restricts expanded list volunteer fire plans to have no more than 15% of the portfolio devoted to emerging market equity and foreign debt; – Moves to this provision authority to invest in the SBI Supplemental Fund; and – Clarifies that the pension fund's asset mix must not exceed 85% in equity/equity-like investments, including the SBI Supplemental Fund.
11	117.18	HF1555 (Murphy, M.); SF 927 (Rosen)	All Minnesota public plans	Uncoded	If a previously authorized investment is no longer permitted due to the sections of this act, the investment must be liquidated before 6/30/2013.
12	117.24	Amendment H1555-39A	Various retirement plans	Repealer	Repeals M.S. Sec. 356.219, Subd. 4, a provision setting forth alternative investment performance reporting requirements for obsolete or inapplicable retirement plans.

Article 11: Local Police and Paid Fire Retirement Plan Consolidations

1	117.30	HF 2028 (Gunther); SF 1633 (Rosen); HF 215 (Rukavina); SF 106 (Tomassoni)	Local Police and Paid Fire Guidelines Act	69.77, Subd. 1a	Removes references to the Fairmont Police Relief Association and to the Virginia Fire Department Relief Association.
2	118.12	HF 2028 (Gunther); SF 1633 (Rosen); HF 215 (Rukavina); SF 106 (Tomassoni)	Local Police and Paid Fire Guidelines Act	69.77, Subd. 4	Removes references to the Fairmont Police Relief Association and to the Virginia Fire Department Relief Association.

Section-by-Section Summary of Delete-All Amendment H2199-6A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
3	120.7	HF 2005 (Kahn); SF 1604 (Dibble)	PERA-P&F; Mpls. Police Consolidation	353.668, Subd. 4	Allows for a replacement trustee for a prefunded health insurance account.
4	122.7	HF 2028 (Gunther); SF 1633 (Rosen)	Fairmont Police Relief Assoc.	New 353.669	Provides for a total consolidation of the local relief association, including an ad hoc post-retirement adjustment to offset the elimination of the relief association 13 th check mechanism.
5	125.6	HF 215 (Rukavina); SF 106 (Tomassoni)	Virginia Fire Consol. Acct.	New 353.6691	Provides for a merger of the consolidation account, with an ad hoc post-retirement adjustment based on any overfunding upon merger, split into two annual parts.
6	127.8	HF 2028 (Gunther); SF 1633 (Rosen)	Actuarial reporting law	356.215, Subd. 8	Removes references to the Fairmont Police Relief Association and to the Virginia Fire Department Relief Association.
7	132.8	HF 2028 (Gunther); SF 1633 (Rosen)	Revisor instruction	Laws 2002, Ch. 392, Art. 1, Sec. 8	Eliminates former Sections 423.41 to 423.62, Fairmont Police Relief Association local provisions.
8	133.4	HF 2028 (Gunther); SF 1633 (Rosen)	Fairmont Police Relief Assoc.	Uncoded	Terminates the Fairmont Police Relief Association upon consolidation.
9	133.11	HF 215 (Rukavina); SF 106 (Tomassoni)	Virginia Fire Consol. Acct.	Uncoded	Terminates the Virginia Fire Consolidation Account upon merger.
10	133.17	HF 2028 (Gunther); SF 1633 (Rosen) HF 215 (Rukavina); SF 106 (Tomassoni)	Fairmont Police Relief Assoc. Virginia Fire Consol. Acct.	Repealer	Repeals the various statutory and local law provisions related to the two former relief associations.

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