



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *LAM*
RE: Assemblage of the Potential 2012 Omnibus Retirement Bill through January 31, 2012
DATE: February 7, 2012

Introduction

On January 31, 2012, the Legislative Commission on Pensions and Retirement began 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, that has been laid over for possible inclusion in the 2012 Omnibus Retirement Bill.

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 January 31, 2012, and laid over for possible inclusion in the Commission's recommendation for the 2012 Omnibus Retirement Bill:

1. H.F. 1167 (Smith); S.F. 1182 (Rosen): PERA privatizations; Adding Cedarview Care Center and Traverse Care Center to the list of privatized facilities covered by Chapter 353F.
2. H.F. 1759 (Smith, by request); S.F. 1181 (Rosen, by request): PERA privatizations; Decreasing augmentation rates applicable to new privatizations
3. H.F. 2005 (Kahn); S.F. 1604 (Dibble): Former Minneapolis Police Relief Association; providing for successor custodian for transferred health insurance account assets.
4. H.F. 2028 (Gunther); S. F. 1633 (Rosen): Fairmont Police/PERA-P&F; Total consolidation of the Fairmont Police Relief Association into PERA-P&F.

Summary of Document LCPR12-03A, Potential 2012 Omnibus Retirement Bill through January 31, 2012

Article 1: Revisions in the PERA Privatization Law.

- 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 was modified to reduce the rate for post-December 31, 2010, privatizations that produce a sufficient actuarial gain to utilize the law to two percent if the actuarial gain supported that rate or to one percent if the retirement gain supported that rate.
- The privatization law refund effect provision was amended to reduce the interest rate to the current PERA-General refund interest rate.

Article 2: Local Police and Paid Fire Retirement Plan Consolidations.

- 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 legislation 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.

Article 3: Relief Association Consolidation Conforming Changes. The Fairmont Police Relief Association-specific provisions in Minnesota Statutes, Chapters 69, 356, 423, and 423A, are removed or repealed.

Section-by-Section Summary of Delete-All Amendment LCPR12-03A

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
Article 1: Revisions in the PERA Privatization Law					
1	1.7	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	2.8	HF 1167 (Smith); SF 1182 (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	3.4	Amendment H1759-1A to HF 1167 (Smith); SF 1182 (Rosen)	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 2: Local Police and Paid Fire Retirement Plan Consolidations					
1	3.20	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.
2	5.22	HF 2028 (Gunther); SF 1633 (Rosen)	Fairmont Police Relief Association	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.
3	8.21	HF 2028 (Gunther); SF 1633 (Rosen)	Fairmont Police Relief Association	Uncoded	Terminates the relief association upon consolidation.
4	8.26	HF 2028 (Gunther); SF 1633 (Rosen)	Fairmont Police Relief Association	Repealer	Repeals Fairmont Police Relief Association special laws.
Article 3: Relief Association Consolidation Conforming Changes					
1	9.3	HF 2028 (Gunther); SF 1633 (Rosen)	Local Police and Paid Fire Guidelines Act	69.77, Subd. 1a	Removes references to the Fairmont Police Relief Association.
2	9.10	HF 2028 (Gunther); SF 1633 (Rosen)	Local Police and Paid Fire Guidelines Act	69.77, Subd. 4	Removes references to the Fairmont Police Relief Association.
3	11.1	HF 2028 (Gunther); SF 1633 (Rosen)	Actuarial reporting law	356.215, Subd. 8	Removes references to the Fairmont Police Relief Association.
4	15.35	HF 2028 (Gunther); SF 1633 (Rosen)	Revisor instruction	Laws 2002, Ch. 392, Art. 1, Sec. 8	Eliminates former MS Sec. 423.41-423.62, Fairmont Police Relief Association local provisions.
5	16.24	HF 2028 (Gunther); SF 1633 (Rosen)	--	Repealer	Repeals Fairmont Police Relief Association general statutes.
6	16.31	HF 2028 (Gunther); SF 1633 (Rosen)	--	Effective Date	Sets effective date based on the effective date of the Fairmont Police Relief Association consolidation.

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