



TO: Senate Members of the Legislative Commission on Pensions and Retirement  
FROM: Edward Burek, Deputy Director **EB**  
RE: 2014 Senate Omnibus Retirement Bill (H.F. 1951, 2nd Unofficial Engrossment)  
as Passed by the Senate  
DATE: May 5, 2014

## Introduction

H.F. 1951, the second unofficial engrossment (UEH1951-2), contains the contents of the 2014 Senate Omnibus Retirement Bill as passed by the Senate on May 1, 2014.

## Source Legislation for the 2014 Omnibus Retirement Bill

The 2014 Senate Omnibus Retirement Bill, H.F. 1951, the second unofficial engrossment, is derived from the following retirement bills and amendments:

1. S.F. 713 (Pappas); H.F. 872 (Kahn): MnSCU; Eliminate early retirement incentive sunset date.
2. S.F. 764 (Pappas); H.F. 871 (Kahn): MnSCU; Eliminate sunset date on eligibility to elect TRA coverage.
3. S.F. 765 (Pappas); H.F. 870 (Kahn): MnSCU; Increase maximum salary for the annuitant return-to-work provision.
4. S.F. 1326 (Goodwin); H.F. 1410 (Nelson): MSRS; Deferred members permitted to vote in board elections.
5. S.F. 1630 (Hayden); H.F. 1800 (Kahn): Local P&F relief association former members pension benefits adjustment.
6. S.F. 1713 (Pappas); H.F. 2163 (Nelson): Statewide plans; Investment authority and investment modifications.
7. S.F. 1802 (Pappas); H.F. 2520 (Lesch): SPTRFA; Amortization target date revision; additional state aid.
8. S.F. 1803 (Pappas); S.F. 1803 (Pappas): TRA/DTRFA; Duluth Teachers Retirement Fund Assoc. consolidation.
9. S.F. 1943 (Pederson); H.F. 1873 (O'Driscoll): PERA-General; Coverage exclusion for St. Cloud MTC employees.
10. S.F. 1951 (Pappas); H.F. 2427 (Atkins): Independent nonprofit firefighting corporations state aid eligibility clarification.
11. S.F. 2015 (Pappas); H.F. 2524 (Nelson): PERA; PERA-P&F; Salary reporting requirements, early retirement provision application to sheriffs clarified, and postretirement option program revised and expiration date extended.
12. S.F. 2148 (Westrom); H.F. 1894 (McNamar): PERA-General; Coverage for Stevens County HRA employees.
13. S.F. 2169 (Hayden); H.F. 2316 (Kahn): PERA; Service credit purchase; Hennepin County elected service.
14. S.F. 2263 (Pappas); H.F. 2448 (Nelson): PERA-General; Employee and employer contribution rate revisions.
15. S.F. 2308 (Johnson); H.F. 2604 (Murphy, M., by request): MSRS-Correctional; Coverage modifications for DHS employees.
16. S.F. 2427 (Pappas); H.F. 2790 (Murphy, M.): PERA, PERA-P&F; City of Duluth and Duluth Airport Authority employee salary-supplement payments coverage following Court of Appeals decision.
17. S.F. 2428 (Pappas); H.F. 2682 (Nelson): Major plans; Update/reorganize membership inclusion/exclusion provisions.
18. S.F. 2429 (Pappas); H.F. 2218 (Murphy, M.): State Auditor's Volunteer Fire Working Group recommendations.
19. S.F. 2441 (Pappas); H.F. 3013 (Nelson): MSRS-General, MSRS-Correctional: Employee and employer contribution rate revisions (*adopted in the form of amendment S2263-5A*).
20. S.F. 2442 (Pappas); H.F. 2827 (Murphy, M.): MSRS, TRA; MSRS: Specifying interest rate for computing joint-and-survivor annuities; revising post-retirement adjustment triggers; revising reemployed annuitant withholding in certain divorce situations; TRA: clarifying medical advisor and resumption of teaching provisions.
21. S.F. 2532 (Hayden); H.F. 2554 (Kahn): PERA-P&F; Minneapolis police and fire consolidation law post-retirement adjustment clarification.
22. S.F. 2641 (Pappas); H.F. xxxx: Explicit post-retirement adjustment assumption.
23. S.F. 2680 (Eken); H.F. 1352 (Marquart): PERA-P&F; Disability benefit application deadline extension for a certain former Wadena County sheriff's deputy.
24. S.F. 2741 (Johnson); H.F. 3155 (Kahn): VFRAAs authorized to pay MN State Fire Chiefs Assoc. dues from special funds.
25. S.F. 2749 (Tomassoni); H.F. 3118 (Metsa): MnSCU-IRAP, TRA; Authorizing MnSCU employee to elect TRA coverage and transfer past service from IRAP to TRA.
26. S.F. xxxx; H.F. 2597 (Murphy, M.): Police and fire state aid; Correction of drafting errors.
27. S.F. xxxx; H.F. 3220 (Radinovich): PERA-P&F; Service credit purchase; Mille Lacs tribal police department service.
28. Commission amendment LCPR14-01A: PERA-P&F; Applicability of 2013 post-retirement adjustment modifications to certain county sheriffs.
29. Commission amendment LCPR14-02A: TRA; Voluntary labor organization dues deductions.
30. Senate Gov Ops amendment S1803-24A: Re-includes PERA-General in a provision that automatically adjusts the target amortization date following a benefit revision or change in actuarial assumptions or actuarial methods.
31. Senate Finance amendment S1803-38A: Revises effective dates and a cross-reference in a certification waiver provision.
32. Senate Finance amendment S1803-39A: Post-retirement adjustment rate actuarial assumptions.
33. Senate Finance amendment SCS1803A-1: Delays the commencement of open and standing state aid to SPTRFA, and the DTRFA/TRA merger aid.

General Summary of H.F. 1951, the Second Unofficial Engrossment (UEH1951-2)

Article 1: Retirement Plan Membership Inclusions and Exclusions. (SF1943/HF 1873; SF2148/HF 1894; and SF2428/HF2682)

- Grandparents into PERA-General coverage the employees of the Housing and Redevelopment Authority of Stevens County who were employed before May 1, 2014, and validates past PERA-General retirement coverage for and retirement fund contributions by or on behalf of current Stevens County HRA employees.
- Ratifies in statute the current pension coverage situation of bus drivers employed by the St. Cloud Metropolitan Transit Commission, with the fixed-route bus drivers employed by the St. Cloud MTC covered by the Teamsters Central States Pension Plan and Fund and excluded from retirement coverage by PERA-General.
- Reorganizes and updates the membership inclusion and exclusion provisions of MSRS-General, PERA-General, TRA, and the two first class city teacher retirement fund associations without making any intended substantive changes.
- Replaces the \$425 in any month minimum salary threshold for membership inclusion with an annualized minimum salary threshold figure of \$5,100 for employees of governmental subdivisions other than school districts and of \$3,800 for employees of school districts

Article 2: Governing Board Provisions. (SF1326/HF1410)

- Modifies the Minnesota State Retirement System (MSRS) board membership provision to permit deferred retirees to vote in board member elections, generally for active member board position(s).

Article 3: Retirement Plan Contribution Rate Changes. (SF2263/HF2448; Commission Amendment S2263-5A drawn from SF2441/HF3013)

- Increases the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) member and employer contribution rates by 0.5% of pay each on July 1, 2014.
- Increases the MSRS Correctional State Employees Retirement Plan MSRS-Correctional member contribution rate by 0.5% of pay and the employer contribution rate by 0.75% of pay on July 1, 2014.
- Increases the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) member and employer contribution rates by 0.25% of pay each on January 1, 2015.
- Modifies the PERA contribution stabilizer provision by making any contribution rate increases or decreases under the mechanism effective on January 1 of the following calendar year.

Article 4: Joint and Survivor Optional Annuity Computation Discount Rate. (SF2442/HF2827)

- Specifies a 6.5% interest rate for computing joint-and-survivor annuities in the various defined benefit retirement plans.

Article 5: MSRS-Correctional Retirement Plan Coverage Changes. (SF2308/HF2604)

- Ratifies or validates the actions of the Dept. of Human Services extending MSRS-Correctional retirement coverage to various employees of the Forensic Nursing Home, the Forensic Transition Service, and the Competency Restoration Program in addition to the Minnesota Security Hospital at St. Peter.
- Grandparents retirement coverage for former Minnesota Extended Treatment Option (METO) Program Employees at Cambridge.
- The currently unutilized (by Department of Human Services) employment position of Clinical Program Therapist 2 is proposed for addition to the retirement plan coverage list.

Article 6: TRA-DTRFA Consolidation. (SF1803/HF1951; Senate Finance Amendment SCS1803A-1; Senate Floor Amendment SCH1951A-1)

- Mandates a full consolidation of the Duluth Teachers Retirement Fund Association (DTRFA) into the Teachers Retirement Association (TRA) over the period 2014-2015, to be completed on June 30, 2015, if approved by the DTRFA board of trustees and membership and by the TRA board of directors, and revises statutory references to the DTRFA upon consolidation.
- Provides \$14,377,000 annually in new state aid to TRA to fund the consolidation, beginning in Fiscal Year 2017.

Article 7: First Class City Teacher Retirement Fund Association Changes. (SF1802/HF2520; Senate Finance Amendment SCS1803A-1)

- Provides \$7,000,000 annually as state aid to the St. Paul Teachers Retirement Fund Association (SPTRFA), beginning October 1, 2016.
- Resets the SPTRFA state aid termination upon the plan's full funding target date if earlier than actual full funding.
- Replaces the SPTRFA rolling 25-year amortization target date with a 2042 amortization target date.

Article 8: MnSCU-Related Provisions. (SF713/HF872; SF764/HF871; SF765/HF870)

- Extends to June 30, 2019, the authority for MnSCU permanent, thus continuing to allow MnSCU college or university presidents or the Chancellor, with respect to the Chancellor's office, to offer to system employees who are at least age 55, who have been employed by MnSCU for at least five years, and who comply with other eligibility requirements formulated by the MnSCU board of trustees, one or a combination of a cash payment, not to exceed one year of base salary, and employer contributions to the post-retirement Health Care Savings Plan, without any specific limit.
- Allows faculty members hired by MnSCU after June 30, 2014, to have an opportunity to elect between the higher education Individual Retirement Account Plan (IRAP) coverage, a defined contribution retirement plan, and the Teachers Retirement Plan (TRA), a defined benefit retirement plan, upon achieving tenure.
- Increases the amount that a MnSCU retiree from MSRS-General, TRA, or a first class city teacher retirement fund association, upon reemployment part-time by MnSCU, can earn without triggering the usual reemployed annuitant earnings limitations from \$46,000 annually to \$62,000.

Article 9: Police and Firefighter Pension Changes. (SF1951/HF2727; SF2532/HF2554; SFxxxx/HF2597; SF1630/HF1800)

- Clarifies Minneapolis police and firefighter law post-retirement adjustments consistent with 2013 PERA-P&F post-retirement adjustment changes.
- Corrects drafting errors in the 2013 amortization state aid amendments and 2013 police and fire supplemental retirement state aid enactment.
- Clarifies the eligibility of independent nonprofit firefighting corporations to receive police and fire supplemental retirement state aid.
- Requires PERA to report on certain former consolidation account survivor benefits.

Article 10: Actuarial Assumption Changes. (SF2641/HFxxxx; Senate Gov Ops Amendment S1803-24A; Senate Finance amendment S1803-39A)

- Replaces the current implicit post-retirement adjustment rate actuarial assumption with a separate post-retirement adjustment rate actuarial assumption for the various Minnesota public employee defined benefit retirement plan, repeals the temporary reduced post-retirement adjustment rate interest rate adjustment provision enacted in 2010, and adds a requirement that if funding stability has not been attained, the actuary must recognize the impact of automatic contribution rate provisions and must include an additional exhibit indicating expected plan experience if funding stability is not expected before the target amortization date.
- Corrects an oversight or error that occurred several years ago that excluded PERA-General from a procedure that resets the amortization target date automatically when there is a benefit increase, actuarial assumption change, or actuarial method change.

Article 11: Post-Retirement Adjustment Trigger Procedures. (SF2442/HF2827)

- Requires for the statewide and major local retirement plans two consecutive years, rather than a single year, with funding ratios in excess of the trigger level before post-retirement adjustment rates can be restored to full rates.

Article 12: Volunteer Firefighter Relief Association Changes. (SF2429/HF2218; SF2741/HF3155)

- Municipalities with full-time fire departments covered by the Public Employees Police and Fire Retirement Plan (PERA-P&F) that do not have a volunteer firefighter relief association, are not covered by the Statewide Lump-Sum Volunteer Firefighter Retirement Plan of the Public Employees Retirement Association (PERA-SVF), and have a PERA-P&F employer contribution requirement equal to or greater than its fire state aid are excluded from filing a fire state aid annual financial report.

- A limit of 5% of a retirement plan's assets on a market value basis is specified in the large retirement plan investment legal list of authorized investment securities for unrated bonds or bonds rated below the top four quality categories.
- The specification of the benefit plan provisions in force on the date of retirement plan active membership termination as the governing law for deferred service pensions from defined contribution relief associations or defined benefit relief associations are aggregated into a single provision and the aggregated provision is extended to the eligibility for or computation of ancillary benefits.
- Amounts previously forfeited by a defined contribution relief association member who terminated active service or had a break in service is clarified as not open to reinstatement upon a return to active service.
- If the defined contribution relief association bylaws or articles so permit, an ancillary benefit (i.e., disability benefit or survivor benefits) may be paid to or on behalf of an inactive former member.
- The requirement for ratification of volunteer firefighter relief association plan amendments affecting coverage or benefits are clarified as the municipality served by the fire department to which the relief association is directly associated for municipal volunteer firefighter relief associations or as the independent nonprofit firefighting corporation board for volunteer firefighter relief associations that are subsidiary to independent nonprofit firefighting corporations.
- For volunteer firefighter relief associations that are subsidiaries of independent nonprofit firefighting corporations are required to file actuarial condition and funding cost determinations with the nonprofit firefighting corporation board rather than with the municipality in which the relief association is located.
- For purposes of the reimbursement of the mandated volunteer fire supplemental benefit for lump sum service pension recipients, the term "regular lump-sum distribution" is defined to be the pre-tax benefit distribution, but to exclude interest credited during deferral periods.
- Amends the volunteer fire relief association special fund authorized disbursement provision by replacing the former Minnesota Area Relief Association Coalition (MARAC) with the Minnesota State Fire Chiefs Association (MSFCA).

Article 13: Miscellaneous Retirement Provisions. (SF1713/HF2163; SF2015/HF2524; SF2442/HF2827; Commission Amendments LCPR14-01A and LCPR14-02A)

- Offerings under the Supplemental Fund (the Income Share Account, Growth Account, Bond Account, International Share Account, Money Market Account, Fixed Income Account, Bond Market Account, and Common Stock Index Account) will no longer be named and specified in statute, and SBI will be able to revise offerings at will.
- Expands the investment exclusion from liability provision in the Minnesota State Deferred Compensation Plan to also shield the SBI executive director and staff, and adds comparable investment exclusion from liability provisions to MSRS-Unclassified, the MSRS Health Care Savings Plan, and the Public Employees Defined Contribution Plan.
- Revises the PERA employing unit payroll reporting requirements to separately identify overtime and compensatory time pay.
- Extends the PERA Post-Retirement Options (PRO) Program from June 30, 2014, to June 30, 2024; and requires that PERA PRO employment be with the same governmental subdivision from which the employee retired, rather than with any governmental subdivision.
- Permits county sheriffs about one additional month to retire (February 1, 2015, rather than early January 2015) before the phase-in of slightly less favorable early retirement treatment and an increase in the post-retirement adjustment minimum waiting period.
- For various defined benefit retirement plans, when a monthly pension benefit is split between a retiree and an ex-spouse by a divorce decree, the ex-spouse's portion will not be subject to reemployed annuitant holding account deferral procedures.
- Shortens the timeframe for MSRS annuity applications.
- Revises the TRA reemployed annuitant provision to also apply to teachers who return to a covered district providing services as a third party provider.
- Revises the TRA medical advisor provision to permit TRA to contract with accredited independent organizations specializing in disability determinations.
- Corrects a cross-reference in a federal compliance provision applicable to all Minnesota public plans.
- Permits TRA members voluntarily to have employee organization dues deducted from their annuities.

Article 14: One Person and Small Group Retirement Provisions. (SF2680/HF1352; SF2427/HF2790; SFxxxx/HF3220; SF2749/HF3118; SF2169/HF2316)

- Extends the Public Employees Police and Fire Retirement Plan (PERA-P&F) disability benefit application deadline for certain Wadena County sheriff's deputies.
- Permits Duluth and Duluth Airport Authority employees to purchase salary credit for certain salary supplement amounts paid by the employer into deferred compensation accounts and which PERA excluded from salary for pension purposes.
- Permits a MnSCU employee to transfer past and prospective coverage to TRA, with the IRAP account assets being used to cover part of full actuarial value of the past service and any portion of the full actuarial value not covered by the IRAP account value paid by MnSCU.
- Permits a full actuarial value service credit purchase by a Mille Lacs tribal police officer.
- Permits a Hennepin County Commissioner to purchase service credit from PERA-General for Hennepin County Commissioner service with the payment of the full actuarial value amount of the purchase.

Section-by-Section Summary of H.F. 1951 (Murphy, M.), the 2nd Unofficial Engrossment (UEH1951-2)

A section-by-section summary of H.F. 1951 (Murphy, M.), the 2nd unofficial engrossment, is attached.

cc: Senator Kent Eken  
Senator John C. Pederson  
Senator David Tomassoni  
Senator Torrey Westrom  
Stephanie James, Senate Counsel and Research  
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Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec.  | Pg.Ln | Source Bill(s)   | Stat. Provision          | Retirement Plan                   | Summary   |
|---|-------|--|--------------------------|-----------------------------------|---|
| <b>Article 1: Retirement Plan Membership Inclusions and Exclusions</b>          |       |  |                          |                                   |   |
| 1   | 2.44  | SF 2428 (Pappas);<br>HF 2682 (Nelson)  | 352.01,<br>Subd. 2a      | MSRS                              | Codifies the inclusion of MSRS employees, State Agricultural Society employees, pre-3/28/1974 Gillette Children's Hospital Board employees, Enterprise Minn. employees, pre-6/30/2003 Minnesota Conservation Corps employees if approved for coverage by the organization board.  |
| 2   | 4.20  | SF 2428 (Pappas);<br>HF 2682 (Nelson)  | 352.01,<br>Subd. 2b      | MSRS                              | Reconfigures the existing exclusions by grouping together exclusions, clarifies the election official, religious order, and foreign citizen work visa exclusions, and codifies a retiree exclusion.   |
| 3   | 9.15  | SF 2148 (Westrom);<br>HF 1894 (McNamar)<br>SF 2428 (Pappas);<br>HF 2682 (Nelson)     | 353.01,<br>Subd. 2a      | PERA-General                      | Shifts minimum salary threshold for inclusion from \$425 monthly to \$5,100 annually for non-school employees (\$3,800 for school employees working only nine months), includes and codifies the inclusion of pre-5/1/2014 Stevens Co. HRA employees in PERA-General coverage.  |
| 4   | 11.1  | SF 1943 (Pederson);<br>HF 1873 (O'Driscoll)<br>SF 2428 (Pappas);<br>HF 2682 (Nelson) | 353.01,<br>Subd. 2b      | PERA-General                      | Corrects a union local member number related to a carpenter exclusion, adds an exclusion for full-time fixed route bus drivers employed by the St. Cloud MTC who are covered by the Teamsters Central States Pension Plan, clarifies the election official exclusion, adds retroactive (to the start of the pay period) membership eligibility for emergency employees who become probationary employees identical to the MSRS provision, and updates the language and style. |
| 5   | 14.27 | SF 2428 (Pappas);<br>HF 2682 (Nelson)  | 353.27, New<br>Subd. 10a | PERA-General                      | Requires written disclosure of membership exclusion determinations.   |
| 6   | 15.4  | SF 2428 (Pappas);<br>HF 2682 (Nelson)  | 354.05,<br>Subd. 2       | TRA                               | Repositions the exclusions for first class city teachers, U of M faculty members, and public school governing board members in the exclusion portion of the definition and codifies the exclusion of retirees.  |
| 7   | 16.16 | SF 2428 (Pappas);<br>HF 2682 (Nelson)  | 354A.011,<br>Subd. 27    | First Class City<br>Teacher Plans | Codifies the exclusion of retirees.   |
| 8   | 17.21 | Amend. S1943-1A to<br>SF 1943 (Pederson);<br>HF 1873 (O'Driscoll)                    | 356.24,<br>Subd. 1       | Supplemental<br>Plan Restrictions | Adds the Teamsters Central States Pension Plan as an eligible plan for employer contributions by the St. Cloud Metropolitan Transit Commission.   |
| 9   | 19.28 | SF 2148 (Westrom);<br>HF 1894 (McNamar)  | Uncoded                  | PERA-General                      | Validates and ratifies past Stevens Co. HRA contributions, service credit, and coverage for pre-5/1/2014 employees.   |
| <b>Article 2: Retirement Governing Board Provisions</b>                         |       |  |                          |                                   |   |
| 1   | 20.15 | SF 1326 (Goodwin);<br>HF 1410 (Nelson)   | 352.03,<br>Subd. 1       | MSRS                              | Permits deferred members to vote in active member board of directors seats.   |
| 2   | 21.19 | SF 1326 (Goodwin);<br>HF 1410 (Nelson)   | 352.03,<br>Subd. 1a      | MSRS                              | Divides existing subdivision into two subdivisions, adding a provision that specifies the limitations on membership voting for membership-elected board of directors seat.  |
| <b>Article 3: Retirement Plan Contribution Rate Changes</b>                     |       |  |                          |                                   |   |
| 1   | 22.4  | SF 2441 (Pappas);<br>HF 3013 (Nelson)  | 352.04,<br>Subd. 2       | MSRS-General                      | Increases the member contribution rate by 0.5% of pay on 7/1/2014.  |
| 2   | 22.18 | SF 2441 (Pappas);<br>HF 3013 (Nelson)  | 352.04,<br>Subd. 3       | MSRS-General                      | Increases the employer contribution rate by 0.5% of pay on 7/1/2014.  |
| 3   | 22.30 | SF 2441 (Pappas);<br>HF 3013 (Nelson)  | 352.92,<br>Subd. 1       | MSRS-<br>Correctional             | Increases the member contribution rate by 0.5% of pay on 7/1/2014.  |
| 4   | 23.12 | SF 2441 (Pappas);<br>HF 3013 (Nelson)  | 352.92,<br>Subd. 2       | MSRS-<br>Correctional             | Increases the employer contribution rate by 0.75% of pay on 7/1/2014.   |
| 5   | 23.24 | SF 2263 (Pappas);<br>HF 2448 (Nelson)  | 353.27,<br>Subd. 2       | PERA-General                      | Increases the member contribution rate by 0.25% of pay on 1/1/2015.   |
| 6   | 24.4  | SF 2263 (Pappas);<br>HF 2448 (Nelson)  | 353.27,<br>Subd. 3       | PERA-General                      | Increases the employer contribution rate by 0.25% of pay on 1/1/2015.   |
| 7   | 24.17 | SF 2263 (Pappas);<br>HF 2448 (Nelson)  | 353.27,<br>Subd. 3b      | PERA-General                      | Modifies the PERA contribution stabilizer provision by making any contribution rate increases or decreases under the mechanism effective on January 1 of the following calendar year.   |
| <b>Article 4: Joint and Survivor Optional Annuity Computation Discount Rate</b> |       |  |                          |                                   |   |
| 1   | 27.7  | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)  | 3A.01,<br>Subd. 1a       | Legislators<br>Plan               | Revises the definition of actuarial equivalent to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint-and-survivor annuities rather than any other rate specified in Minn. Stat. Sec. 356.215, Subd. 8.   |
| 2   | 27.19 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)  | 352.01,<br>Subd. 12      | MSRS-General                      | Revises the definition of actuarial equivalent to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint-and-survivor annuities rather than any other rate specified in Minn. Stat. Sec. 356.215, Subd. 8.   |
| 3   | 28.1  | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)  | 352.03,<br>Subd. 4       | MSRS                              | Revises the MSRS board powers provision to clarify that board powers include approving retirement annuity factors for MSRS-Unclassified.  |

Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec. | Pg.Ln | Source Bill(s)  | Stat. Provision      | Retirement Plan      | Summary   |
|------|-------|---|----------------------|----------------------|---|
| 4    | 28.25 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                       | 352B.08,<br>Subd. 3  | State Patrol<br>Plan | Revises the State Patrol optional annuity form provision to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint and survivor annuities. |
| 5    | 29.13 | Amend. S2442-2A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.) | 353.01,<br>Subd. 14  | PERA                 | Revises the definition of actuarial equivalent to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint-and-survivor annuities.           |
| 6    | 29.26 | Amend. S2442-2A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.) | 353.30<br>Subd. 3    | PERA                 | Revises the optional annuity form provision to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint and survivor annuities.              |
| 7    | 30.8  | Amend. S2442-2A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.) | 354.05<br>Subd. 7    | TRA                  | Revises the definition of actuarial equivalent to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint-and-survivor annuities.           |
| 8    | 30.20 | Amend. S2442-2A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.) | New 356.461          | MSRS, PERA,<br>TRA   | New section stating that for purposes of computing joint and survivor annuities, a 6.5% post-retirement interest rate assumption to be used.  |
| 9    | 31.18 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                       | 490.121,<br>Subd. 2a | Judges<br>Plan       | Revises the definition of actuarial equivalent to add a cross-reference to new Sec. 356.461, causing a 6.5% post-retirement interest rate assumption to be used for computing joint-and-survivor annuities.           |

**Article 5: MSRS-Correctional Retirement Plan Coverage Changes**

|   |       |  |                         |                       |  |
|---|-------|--|-------------------------|-----------------------|--|
| 1 | 32.3  | SF 2308 (Johnson);<br>HF 2607 (Murphy, M.<br>by request)       | 352.90                  | MSRS-<br>Correctional | Replaces plan coverage for the Minn. Security Hospital with coverage for the State-Operated Forensics Services Program, consisting of the Minnesota Security Hospital, Forensic Nursing Home, the Forensic Transition Service, and the Competency Restoration Program.   |
| 2 | 32.13 | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)                      | 352.91,<br>Subd. 1      | MSRS-<br>Correctional | Replaces reference to the Minnesota Security Hospital with reference to State-Operated Forensic Services Program.  |
| 3 | 32.27 | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)                      | 352.91,<br>Subd. 2      | MSRS-<br>Correctional | Replaces reference to the Minnesota Security Hospital with reference to State-Operated Forensic Services Program.  |
| 4 | 33.3  | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)<br>Amend. LCPR14-04A | 352.91,<br>Subd. 3c     | MSRS-<br>Correctional | Replaces reference to the Minnesota Security Hospital with reference to State-Operated Forensic Services Program and reflects consolidation of LPN1 and LPN2 occupational titles.  |
| 5 | 33.18 | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)                      | 352.91,<br>Subd. 3d     | MSRS-<br>Correctional | Replaces reference to the Minnesota Security Hospital with reference to State-Operated Forensic Services Program.  |
| 6 | 34.30 | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)                      | 352.91,<br>Subd. 3e     | MSRS-<br>Correctional | Grandparents MSRS-Correctional coverage for any MSHS-Cambridge employee with coverage by that plan immediately before the 2014 conversion of the facility to the Community-Based Homes program, no matter what DHS facility employs the person if there is no break in service with the DHS direct care and treatment services administration. |
| 7 | 35.25 | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)                      | 352.91,<br>Subd. 3f     | MSRS-<br>Correctional | Adds the position of Clinical Program Therapist 2 to plan coverage and replaces references to the Minnesota Security Hospital with reference to the State-Operated Forensic Services Program.  |
| 8 | 36.34 | SF 2308 (Johnson);<br>HF 2607 (Murphy, M)                      | 352.91,<br>New Subd. 3j | MSRS-<br>Correctional | Adds definition of "state-operate forensic services program" to mean the Minn. Security Hospital, the Forensic Nursing Home, the Forensic Transition Service, and the Competency Restoration Program.  |

**Article 6: TRA-DTRFA Consolidation**

|   |       |   |                      |                              |  |
|---|-------|---|----------------------|------------------------------|--|
| 1 | 37.7  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 13.632,<br>Subd. 1   | Government<br>data practices | Eliminates DTRFA reference from a data privacy provision.  |
| 2 | 37.12 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 122A.18,<br>Subd. 7a | School districts             | Eliminates MTRFA and DTRFA references from a substitute teaching provision.  |
| 3 | 38.1  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 353.01,<br>Subd. 2b  | PERA                         | Eliminates DTRFA reference from the membership inclusion provision.  |
| 4 | 41.9  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 354.05,<br>Subd. 2   | TRA                          | Eliminates Duluth teacher exclusion from the membership inclusion provision.   |
| 5 | 42.11 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 354.05,<br>Subd. 13  | TRA                          | Adds service credited by DTRFA before 7/1/2015 to TRA allowable service definition and updates the language usage and style.   |
| 6 | 43.31 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 354.42,<br>Subd. 2   | TRA                          | Consolidates TRA basic and coordinated programs member contribution paragraphs and eliminates obsolete percentage specifications.  |
| 7 | 44.21 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)   | 354.42,<br>Subd. 3   | TRA                          | Eliminates duplicative former MTRFA member employer contribution percentage rates, adds former DTRFA member employer contribution percentage requirement, and updates the language usage and style.  |
| 8 | 45.19 | Amend. S1803-18A to<br>SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)<br>Senate Finance<br>Amend. SCS1803A-1 | 354.436              | TRA<br>State aid             | Adds \$14,377,000 annual appropriation as the DTRFA consolidation state aid amount starting in FY2017 and revises the TRA state aid expiration date as the Oct. 1 next following the date on which TRA becomes fully funded and when the TRA contribution rates are first subject to a reduction under the statutory contribution rate stabilizer provision. |

Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec. | Pg.Ln | Source Bill(s)  | Stat. Provision         | Retirement Plan                   | Summary  |
|------|-------|---|-------------------------|-----------------------------------|--|
| 9    | 46.4  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354.44,<br>Subd. 6      | TRA                               | Adds an appropriate effective date provision for former DTRFA members for the 1.9% per year of service credit benefit accrual rate.  |
| 10   | 49.3  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | New 354.73              | TRA<br>DTRFA                      | With Sec. 46, provides for a 7/1/2015 full consolidation of the Duluth Teachers Retirement Fund Association into TRA, with a transfer of members, service credit, pension liability, records, and assets on 6/30/2015, or 7/1/2015, as appropriate, clarifies the calculation of pre-7/1/2015 benefits for former DTRFA members and future post-retirement adjustments, and terminates the DTRFA as a retirement fund. |
| 11   | 50.9  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.011,<br>Subd. 11   | First class city<br>teacher plans | Removes DTRFA from "coordinated member" definition.  |
| 12   | 50.19 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.011,<br>Subd. 15a  | First class city<br>teacher plans | Removes DTRFA from "normal retirement age" definition.   |
| 13   | 51.3  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.011,<br>Subd. 27   | First class city<br>teacher plans | Limits "teacher" definition to SPTRFA.   |
| 14   | 52.3  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.021,<br>Subd. 1    | First class city<br>teacher plans | Eliminates DTRFA from the first class city teacher retirement fund association establishment authorization.  |
| 15   | 52.11 | Amend. S1803-4A to<br>SF 1803 (Pappas);<br>HF 1951 (Murphy, M.) | New Section<br>354A.022 | DTRFA, SBI                        | Permits DTRFA to certify assets to the State Board of Investment.  |
| 16   | 52.29 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.092                | First class city<br>teacher plans | Eliminates DTRFA from the provision and updates the language usage and style of the sabbatical leave provision.  |
| 17   | 53.25 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.093,<br>Subd. 1    | First class city<br>teacher plans | Eliminates DTRFA from the uniformed leave provision and updates the language usage and style of the provision.   |
| 18   | 54.1  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.096                | First class city<br>teacher plans | Eliminates DTRFA from the medical leave provision.   |
| 19   | 54.22 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.12,<br>Subd. 1     | First class city<br>teacher plans | Eliminates DTRFA from the provision and updates the language usage and style of the member contributions provision.  |
| 20   | 55.15 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.12,<br>Subd. 2     | First class city<br>teacher plans | Eliminates DTRFA from the provision and updates the language usage and style of the tax levy prohibition provision.  |
| 21   | 55.22 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.12,<br>Subd. 2a    | First class city<br>teacher plans | Eliminates DTRFA from the provision and updates the language usage and style of the employer contributions provision.  |
| 22   | 56.34 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.12,<br>Subd. 3a    | First class city<br>teacher plans | Eliminates the DTRFA state aid redirected to TRA in Sec. 8.  |
| 23   | 57.9  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.31,<br>Subd. 1     | First class city<br>teacher plans | Eliminates DTRFA from the provision and updates the language usage and style of the state aid provision.   |
| 24   | 57.17 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.32,<br>Subd. 1     | First class city<br>teacher plans | Eliminates DTRFA from the optional annuity provision and updates the language usage and style of the provision.  |
| 25   | 57.31 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.35,<br>Subd. 1     | First class city<br>teacher plans | Eliminates DTRFA from the death refund provision and updates the language usage and style of the provision.  |
| 26   | 58.13 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.37,<br>Subd. 3     | First class city<br>teacher plans | Eliminates DTRFA from the refund amount provision and updates the language usage and style of the provision.   |
| 27   | 58.21 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.37,<br>Subd. 4     | First class city<br>teacher plans | Eliminates DTRFA from the normal retirement age refund provision and updates the language usage and style of the provision.  |
| 28   | 58.31 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.39                 | First class city<br>teacher plans | Eliminates DTRFA from the retirement annuity portability provision.  |
| 29   | 59.20 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354A.41                 | First class city<br>teacher plans | Eliminates DTRFA from the administrative provisions provision, effective 6/30/2015.  |
| 30   | 60.11 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 354B.21,<br>Subd. 3a    | First class city<br>teacher plans | Replaces DTRFA reference with a reference to the former DTRFA in the Higher Education IRAP coverage election provision.  |
| 31   | 60.29 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 355.01,<br>Subd. 2c     | First class city<br>teacher plans | Revises a cross-reference for Duluth teachers from the first class city teacher law to TRA law.  |
| 32   | 61.1  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 356.20,<br>Subd. 2      | Retirement,<br>generally          | Eliminates DTRFA from the annual financial reporting requirement provision.  |
| 33   | 61.25 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 356.214,<br>Subd. 1     | Retirement,<br>generally          | Eliminates DTRFA from the consulting actuary retention provision.  |
| 34   | 63.11 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 356.215,<br>Subd. 8     | Retirement,<br>generally          | Eliminates DTRFA from the interest and alary actuarial assumptions provision.  |
| 35   | 68.8  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 356.219,<br>Subd. 8     | Retirement,<br>generally          | Eliminates DTRFA from the local pension fund investment reporting provision and updates the language usage and style of the provision.   |
| 36   | 68.27 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)                       | 356.30,<br>Subd. 3      | Retirement,<br>generally          | Eliminates DTRFA from the combined service annuity provision.  |



Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec. | Pg.Ln | Source Bill(s)   | Stat. Provision     | Retirement Plan           | Summary  |
|------|-------|--|---------------------|---------------------------|--|
| 37   | 69.17 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.302,<br>Subd. 7 | Retirement,<br>generally  | Eliminates DTRFA from the provision combined service disability benefit.   |
| 38   | 70.4  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.303,<br>Subd. 4 | Retirement,<br>generally  | Eliminates DTRFA from the combined service survivor benefit provision.   |
| 39   | 70.27 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.32,<br>Subd. 2  | Retirement,<br>generally  | Eliminates DTRFA from the age 65 proportionate annuity provision.  |
| 40   | 71.11 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.401,<br>Subd. 3 | Retirement,<br>generally  | Eliminates DTRFA from the exemption from legal process provision.  |
| 41   | 72.7  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.42,<br>Subd. 3  | Retirement,<br>generally  | Eliminates DTRFA from the special post-retirement adjustments provision.   |
| 42   | 72.22 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.465,<br>Subd. 3 | Retirement,<br>generally  | Eliminates DTRFA from the supplemental needs trust provision.  |
| 43   | 73.10 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.47,<br>Subd. 3  | Retirement,<br>generally  | Eliminates DTRFA from the reemployed annuitant earnings limit provision.   |
| 44   | 74.8  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 356.99,<br>Subd. 1  | Retirement,<br>generally  | Eliminates DTRFA from the erroneous coverage correction provision.   |
| 45   | 74.21 | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | 423A.02,<br>Subd. 3 | Amortization<br>state aid | Folds the 10% reallocation aid currently payable to DTRFA into the aid payable to TRA and eliminates DTRFA reference.  |
| 46   | 75.9  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | Uncoded             | DTRFA<br>TRA              | Provides, with Sec. 10, for the retirement plan consolidation, containing all of the temporary/transitional portions of the consolidation. Fiscal Year end 2015 audit services are required to be provided under contract with TRA by the Legislative Auditor's Office and any additional audit services are to be provided by either the State Auditor or the Legislative Auditor as determined by the TRA board. |
| 47   | 78.5  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | Uncoded             | DTRFA<br>employees        | Provides for the post-consolidation employment of the employees, other than the DTRFA executive director, by TRA without the loss of pay rate or employment benefits.  |
| 48   | 79.1  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)  | Repealer            | --                        | Repeals Minn. Stat. Sec. 354A.021, Subd. 5, tax-sheltered annuity auth. only used by DTRFA, 354A.108, DTRFA salary credit for Workers Compensation payments, 354A.24, DTRFA Coordinated Program authorization, 354A.27, Subd. 5, 6a, 7, DTRFA post-retirement adjustment, and 354A.31, Subd. 4a, DTRFA normal retirement annuity computation.  |
| 49   | 79.6  | SF 1803 (Pappas);<br>HF 1951 (Murphy, M.)<br><br>Senate Floor<br>Amend. SCH1951A-1 | Effective Date      | --                        | Effective 6/30/2015, if the DTRFA board, the DTRFA membership, and the TRA board approve the legislation before 1/1/2015.  |

**Article 7: First Class City Teacher Retirement Fund Association Changes**

|   |       |   |                      |        |   |
|---|-------|---|----------------------|--------|---|
| 1 | 79.24 | SF 1802 (Pappas);<br>HF 2520 (Lesch)<br><br>Senate Finance<br>Amend. SCS1803A-1 | 354A.12,<br>Subd. 3a | SPTRFA | Provides \$7 million annually in new state aid to SPTRFA until full funding is achieved or amortization target date is reached, whichever is earlier. |
| 2 | 80.4  | SF 1802 (Pappas);<br>HF 2520 (Lesch)  | 354A.12,<br>Subd. 3c | SPTRFA | Resets the SPTRFA state aid termination upon the plan's full funding target date if earlier than actual full funding.                                 |
| 3 | 80.23 | SF 1802 (Pappas);<br>HF 2520 (Lesch)  | 356.215,<br>Subd. 11 | SPTRFA | Replaces the SPTRFA rolling 25-year amortization target date with a 2042 amortization target date   |

**Article 8: MnSCU-Related Provisions**

|   |       |                                   |   |                              |  |
|---|-------|-----------------------------------|---|------------------------------|--|
| 1 | 83.15 | SF 713 (Pappas);<br>HF 872 (Kahn) | 136F.481                                | MnSCU                        | Extends the early retirement incentive authority to 6/30/2019; requires MnSCU board to periodically revise program eligibility requirements. |
| 2 | 84.32 | SF 765 (Pappas);<br>HF 870 (Kahn) | 352.1155,<br>Subd. 1                    | MSRS-General                 | Exempts from reemployed annuitant earnings limit MnSCU reemployed retirees with annual salary limit increased from \$46,000 to \$62,000.     |
| 3 | 85.14 | SF 765 (Pappas);<br>HF 870 (Kahn) | 352.1155,<br>Subd. 4                    | MSRS-General                 | Exempts from reemployed annuitant earnings limit MnSCU reemployed retirees with annual salary limit increased from \$46,000 to \$62,000.     |
| 4 | 85.20 | SF 765 (Pappas);<br>HF 870 (Kahn) | 354.445                                 | TRA                          | Exempts from reemployed annuitant earnings limit MnSCU reemployed retirees with annual salary limit increased from \$46,000 to \$62,000.     |
| 5 | 86.25 | SF 765 (Pappas);<br>HF 870 (Kahn) | 354A.31,<br>Subd. 3a                    | First class<br>city teachers | Exempts from reemployed annuitant earnings limit MnSCU reemployed retirees with annual salary limit increased from \$46,000 to \$62,000.     |
| 6 | 87.17 | SF 764 (Pappas);<br>HF 871 (Kahn) | 354B.21,<br>Subd. 2                     | TRA                          | Extends second chance coverage election upon reaching tenure to post-6/30/2014 hires.  |
| 7 | 88.22 | SF 713 (Pappas);<br>HF 872 (Kahn) | Laws 2009,<br>Ch. 69, Art. 6,<br>Sec. 1 | MnSCU                        | Eliminates sunset date from the effective date of the early retirement incentive program authority.  |

Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec.  | Pg.Ln  | Source Bill(s)   | Stat. Provision          | Retirement Plan                          | Summary  |
|---|--------|--|--------------------------|--|--|
| <b>Article 9: Police and Firefighter Pension Changes</b>            |        |  |                          |  |  |
| 1   | 88.29  | SF 2532 (Hayden);<br>HF 2554 (Kahn)                                | 353.6511,<br>Subd. 7     | PERA-P&F                                 | Clarifies post-retirement adjustment cross-reference for the former Minneapolis Firefighters Relief Association consolidation law.   |
| 2   | 89.11  | SF 2532 (Hayden);<br>HF 2554 (Kahn)                                | 353.6512,<br>Subd. 7     | PERA-P&F                                 | Clarifies post-retirement adjustment cross-reference for the former Minneapolis Police Relief Association consolidation law.   |
| 3   | 89.20  | SF xxxx;<br>HF 2597 (Murphy, M.)                                   | 423A.02,<br>Subd. 3      | Amortization<br>state aid                | Corrects erroneous cross-reference governing the reallocation of a portion of aid retroactive for 2013.  |
| 4   | 90.10  | SF 1951 (Pappas);<br>HF 2427 (Atkins)                              | 423A.022,<br>Subd. 2     | P&F suppl. retire-<br>ment state aid     | Corrects percentage allocations so total equals 100% retroactive to 2013 and defines "municipality" for allocation to include independent nonprofit firefighting corporations.   |
| 5   | 91.2   | SF 1951 (Pappas);<br>HF 2427 (Atkins)                              | 423A.022,<br>Subd. 3     | P&F suppl. retire-<br>ment state aid     | Eliminates unnecessary "police officer" and "firefighter" definitions.   |
| 6   | 91.26  | Amend. S1951-5A to<br>SF 1951 (Pappas);<br>HF 2427 (Atkins)        | Uncoded                  | P&F suppl. retire-<br>ment state aid     | Provides independent nonprofit firefighting corporations omitted from 2013 aid allocation with extra allocation off the top to correct 2013 omission.  |
| 7   | 92.16  | SF 1630 (Hayden);<br>HF 1800 (Kahn)                                | Uncoded                  | PERA-P&F                                 | Requires PERA to report to the Pension Commission on surviving spouse benefit amounts for former consolidation accounts.   |
| <b>Article 10: Actuarial Assumption Changes</b>                     |        |  |                          |  |  |
| 1   | 92.27  | SF 2641 (Pappas);<br>HF xxxx<br>Senate Finance<br>Amend. S1803-39A | 356.215,<br>Subd. 8      | Various plans                            | Replaces implicit post-retirement adjustment rate actuarial assumption with references to an explicit assumption rate and timing procedure, and specifies additional procedures if funding stability has not been attained, including a requirement that the impact of contribution rate revision procedures must be taken into account. |
| 2   | 98.17  | Senate Gov Ops<br>Amend. S1803-24A                                 | 356.215<br>Subd. 11      | PERA-General                             | Amortization date-setting provision is revised to permit PERA-General full-funding date to be adjusted under the operations of the provision.  |
| 3   | 101.5  | SF 2641 (Pappas);<br>HF xxxx                                       | Repealer                 | Various plans                            | Repeals temporary post-retirement adjustment rate valuation procedure from 2010.   |
| <b>Article 11: Post-Retirement Adjustment Trigger Procedures</b>    |        |  |                          |  |  |
| 1   | 101.11 | Amend. S2442-3A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)    | 354A.27,<br>Subd. 6a     | DTRFA                                    | Revises the post-retirement adjustment trigger procedure to require the funding ratio based on actuarial value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments higher than 1% can be paid.   |
| 2   | 101.23 | Amend. S2442-3A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)    | 354A.29,<br>Subd. 8      | SPTRFA                                   | Revises the post-retirement adjustment trigger procedure to require the funding ratio based on actuarial value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before increased post-retirement adjustments can be paid.  |
| 3   | 102.16 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                          | 356.415,<br>Subd. 1a     | MSRS plans<br>other than<br>State Patrol | Revises the post-retirement adjustment trigger procedure to require the funding ratio based on market value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments higher than 2% can be paid.  |
| 4   | 103.20 | Amend. S2442-3A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)    | 356.415,<br>Subd. 1d     | TRA                                      | Revises the post-retirement adjustment trigger procedure to require the funding ratio based on market value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments higher than 2% can be paid.  |
| 5   | 104.32 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                          | 356.415,<br>Subd. 1e     | State Patrol<br>Plan                     | Revises the post-retirement adjustment trigger procedure to require two consecutive actuarial valuations, rather than in a single actuarial valuation, with a funding ratio at least equal to the trigger ratio before post-retirement adjustments can be increased.   |
| 6   | 106.8  | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                          | 356.415,<br>Subd. 1f     | Judges<br>Plan                           | Revises the post-retirement adjustment trigger procedure to require two consecutive actuarial valuations, rather than in a single actuarial valuation, with a funding ratio at least equal to the trigger ratio before post-retirement adjustments can be increased.   |
| <b>Article 12: Volunteer Firefighter Relief Association Changes</b> |        |  |                          |  |  |
| 1   | 107.6  | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.)                          | 69.051,<br>Subd. 1a      | Fire state aid<br>financial reporting    | Updates the accountant certification requirement by replacing "independent public accountants" with "certified public accountants."  |
| 2   | 108.12 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.)                          | 69.051,<br>Subd. 3       | Fire state aid<br>financial reporting    | Excludes from reporting municipalities with only paid firefighters where the fire state aid received is fully used to fund its PERA-P&F employer obligation if so certified by PERA.   |
| 3   | 109.16 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.)                          | 356A.06,<br>Subd. 7      | Fiduciary resp,<br>investment reg.       | Clarifies the portfolio limit for some "other type" security investments.  |
| 4   | 113.6  | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.)                          | 356A.06,<br>Subd. 7a     | Fiduciary resp,<br>investment reg.       | Corrects a cross-reference in the investment security lending restrictions.  |
| 5   | 113.16 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.)                          | 424A.015,<br>New Subd. 6 | VFRA benefit<br>regulation               | Consolidates in one provision the specification that benefit calculation is governed by the law, article, or bylaw when active fire department service and relief association membership ends.   |

Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec. | Pg.Ln  | Source Bill(s)                            | Stat. Provision      | Retirement Plan                   | Summary  |
|------|--------|---|----------------------|-----------------------------------|--|
| 6    | 113.24 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.016,<br>Subd. 4 | VFRA benefit<br>regulation        | Clarifies the ban on reinstatement of forfeited defined contrib. plan account amounts upon resumption of active service after break in service.    |
| 7    | 115.1  | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.016,<br>Subd. 6 | VFRA benefit<br>regulation        | Eliminates the defined contribution plan provision consolidated into a general law provision in section 5.   |
| 8    | 116.13 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.016,<br>Subd. 7 | VFRA benefit<br>regulation        | Clarifies authority to pay an ancillary benefit to, or on behalf of, an inactive or deferred member in a defined contribution plan that allows it. |
| 9    | 117.7  | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.02,<br>Subd. 3  | VFRA benefit<br>regulation        | Eliminates an obsolete reference and eliminates obsolete internal effective dates.   |
| 10   | 124.19 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.02,<br>Subd. 7  | VFRA benefit<br>regulation        | Corrects a board of trustee reference and eliminates the defined benefit plan provision consolidated into a general law provision in section 5.    |
| 11   | 126.10 | SF 2741 (Johnson);<br>HF 3155 (Kahn)      | 424A.05,<br>Subd. 3  | Special fund<br>disbursements     | Replaces MARAC dues authorization with Minnesota State Fire Chiefs Association dues authorization.   |
| 12   | 127.2  | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.08              | Fire state aid<br>disbursements   | Eliminates an obsolete reference.  |
| 13   | 127.31 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.092,<br>Subd. 6 | VFRA benefit<br>plan ratification | Clarifies the municipality or independent nonprofit firefighting corporation benefit increase ratification requirement.                            |
| 14   | 129.1  | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.093,<br>Subd. 2 | Volunteer fire<br>guidelines act  | Clarifies the municipality or independent nonprofit firefighting corporation filing requirement.   |
| 15   | 129.23 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.093,<br>Subd. 6 | Volunteer fire<br>guidelines act  | Clarifies the municipality or independent nonprofit firefighting corporation benefit increase ratification requirement.                            |
| 16   | 130.22 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.094,<br>Subd. 2 | Volunteer fire<br>guidelines act  | Adds a substantively appropriate additional cross-reference.   |
| 17   | 131.15 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424A.10,<br>Subd. 2  | VFRA supple-<br>mental benefit    | Defines "lump sum benefit" for supplemental benefit authorization.   |
| 18   | 132.10 | SF 2429 (Pappas);<br>HF 2218 (Murphy, M.) | 424B.12              | VFRA consol.<br>dissolution       | Corrects incorrect cross-references.   |

**Article 13: Miscellaneous Retirement Provisions**

|    |        |   |                          |                              |  |
|----|--------|---|--------------------------|------------------------------|--|
| 1  | 132.32 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 11A.17,<br>Subd. 1       | SBI                          | Revises the Supplemental Fund provision to give SBI full discretion to revise and name investment offerings without need for legislative action, and clarifies that those investments must be consistent with the SBI investment authority provision.                                    |
| 2  | 133.17 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 11A.17,<br>Subd. 9       | SBI                          | Conforming changes are made in the Supplemental Fund account valuation provision.  |
| 3  | 133.28 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                       | 352.115,<br>Subd. 8      | MSRS                         | Annuity applications may not be submitted more than 60 days before the annuity is to commence rather than no earlier than 90 days before the person first meets the qualifying age and service requirements.   |
| 4  | 134.15 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                       | 352.115,<br>Subd. 10     | MSRS                         | In divorce decree situations where pension plan monthly benefits are to be split between the retiree and divorced spouse, the portion of the benefit payable to the spouse must continue to be paid, rather than being withheld if the reemployed annuitant exceeds exempt income limit. |
| 5  | 135.17 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 352.965,<br>Subd. 4      | Minn. Deferred<br>Comp. Plan | Revises the Minn. State Deferred Compensation Plan investment authority provision to specify investment authority by cross-reference to new Sec. 356.645 rather than listing permissible investments, and by striking language to be moved to new subdivisions.                          |
| 6  | 136.12 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 352.965,<br>New Subd. 4a | Minn. Deferred<br>Comp. Plan | Contains deferred compensation plan exclusive benefit language being moved from another subdivision.   |
| 7  | 136.20 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 352.965,<br>New Subd. 4b | Minn. Deferred<br>Comp. Plan | Contains deferred compensation plan employer contribution prohibition language being moved from another subdivision.   |
| 8  | 136.25 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 352.98,<br>Subd. 2       | Health Care<br>Savings Plan  | Revises the Health Care Savings Plan contracting provision to specify permissible investments by cross-reference to new section 356.645, and by expanding permissible investment options.  |
| 9  | 137.4  | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 352D.04,<br>New Subd. 1a | MSRS-<br>Unclassified        | New subdivision specifying that SBI will select suitable investment offerings from the authorized investments under new Sec. 356.645.  |
| 10 | 137.10 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 352D.04,<br>New Subd. 1b | MSRS-<br>Unclassified        | Creates a participant selection of investments subdivision, largely by moving language from a provision being repealed, and the default investment allocation will be specified by the MSRS board rather than being the Income Share Account.  |
| 11 | 137.31 | SF 2015 (Pappas);<br>HF 2524 (Nelson)                           | 353.27,<br>Subd. 4       | PERA                         | Revises employer paid period reporting requirements by requiring a separate identification of salary due to overtime or compensatory pay.  |
| 12 | 139.29 | Amend. S2442-4A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.) | 353.37,<br>New Subd. 6   | PERA                         | In divorce decree situations where pension plan monthly benefits are to be split between the retiree and divorced spouse, the portion of the benefit payable to the spouse must continue to be paid rather than being withheld if the reemployed annuitant exceeds exempt income limit.  |

Section-by-Section Summary of the Senate Omnibus Retirement Bill, H.F. 1951, 2nd Unofficial Engrossment (UEH1951-2)

| Sec. | Pg.Ln  | Source Bill(s)  | Stat. Provision                          | Retirement Plan                            | Summary  |
|------|--------|---|--|--|--|
| 13   | 140.2  | SF 2015 (Pappas);<br>HF 2524 (Nelson)                           | 353.371,<br>New Subd. 8                  | PERA                                       | An expiration provision is added to the PRO program statute, requiring the program to expire on 6/30/2024.   |
| 14   | 140.8  | SF 2015 (Pappas);<br>HF 2524 (Nelson)                           | 353.651,<br>Subd. 4                      | PERA-P&F                                   | Revises the PERA-P&F early retirement provision by removing language of temporary application and specific to county sheriffs, which is moved in slightly altered form to an uncoded provision.  |
| 15   | 141.16 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 353D.05,<br>Subd. 1                      | PERA Def.<br>Contrib. Plan                 | Expands the Public Employees Defined Contribution Plan investment authority by specifying permissible investments by a cross-reference to new Sec. 356.645, rather than the Supplemental Fund.   |
| 16   | 141.24 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | 353D.05,<br>New Subd. 1a                 | PERA Def.<br>Contrib. Plan                 | Creates a participant selection of investments subdivision, largely by moving language from a provision being repealed, and the default investment allocation will be specified by the PERA board rather than being the Income Share Account.  |
| 17   | 142.10 | Amend. S2442-4A to<br>SF 2442 (Pappas);<br>HF 2827 (Murphy, M.) | 354.44,<br>Subd. 5.                      | TRA  | Revises the TRA reemployed annuitant provision to apply to teachers working as a third party supplier of services to a school district, or as an employee of that third party supplier; and in divorce decree situations where pension plan monthly benefits are to be split between the retiree and divorced spouse, the portion of the benefit payable to the spouse must continue to be paid, rather than being withheld if the reemployed annuitant exceeds exempt income limit. |
| 18   | 143.7  | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                       | 354.48,<br>Subd. 6a                      | TRA  | Revises the medical advisor provision to permit the use of medical advisors in disability determinations other than those designated by the Commissioner of Health.  |
| 19   | 143.23 | Amend. LCPR14-01A<br>Senate Floor<br>Amend. SCH1951A-1          | 356.415<br>Subd. 1c                      | PERA-P&F                                   | Provides a limited exemption for the 2013 post-retirement adjustment change for county sheriffs concluding covered employment in 1/2015.   |
| 20   | 145.19 | SF 2442 (Pappas);<br>HF 2827 (Murphy, M.)                       | 356.635,<br>Subd. 6                      | All plans                                  | Corrects a cross-reference in the federal law compliance eligible retirement plan provision.   |
| 21   | 146.11 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | New 356.645                              | SBI  | The SBI shall determine investments to be made available under the MN State Deferred Compensation Plan, the Health Care Savings Plan, MSRS-Unclassified, and the PERA Defined Contribution Plan. Available investment will include the Supplemental Fund, insured savings accounts, life insurance contracts and annuities from regulated companies, and various forms of mutual funds and similar investments.  |
| 22   | 146.33 | Amend. S1713-2A to<br>SF 1713 (Pappas);<br>HF 2163 (Nelson)     | New 356.646                              | Various                                    | Clarifies plan participant investment direction responsibility.  |
| 23   | 147.17 | Amend. LCPR14-01A   | 356.91                                   | TRA  | Includes TRA in the voluntary retiree employee organization dues deduction authorization.  |
| 24   | 148.11 | Senate Finance<br>Amend. S1803-38A                              | 363A.36,<br>Subd. 1                      | Defined<br>Contribution Plans              | An affirmative action plan waiver for outside contractors, previously applicable to the Minn. State Deferred Compensation Plan, is revised to also include the Health Care Savings Plan, MSRS-Unclassified, the Public Employees Defined Contribution Plan, and IRAP plans.  |
| 25   | 149.5  | SF 2015 (Pappas);<br>HF 2524 (Nelson)                           | Laws 2009,<br>Ch. 169,<br>Art. 5, Sec. 2 | PERA Post<br>Retirement<br>Options Program | As a conforming change to the addition of an expiration date subdivision to the PRO program provision, an uncoded effective date/expiration date provision is revised by striking the expiration date.   |
| 26   | 149.12 | SF 2015 (Pappas);<br>HF 2524 (Nelson)                           | Uncoded                                  | PERA-P&F                                   | A temporary uncoded provision giving county sheriffs approximately one additional month (until 2/1/2015), to terminate service and receive early retirement benefits before less-favorable terms under the PERA-P&F general law early retirement provision would become applicable.  |
| 27   | 150.8  | Commission amend-<br>ment LCPR14-01A                            | Uncoded                                  | PERA-P&F                                   | Provides a limited exemption for the 2013 post-retirement adjustment change for county sheriffs concluding that service in January 2015.   |
| 28   | 150.29 | SF 1713 (Pappas);<br>HF 2163 (Nelson)                           | Repealer                                 | --   | Repeals Minn. Stat. Sec. 11A.17, Subd. 4, a supplemental fund investment provision, 352.965, Subd. 5, a Deferred Compensation Plan SBI determination of investment provision, 352D, Subd. 1, the MSRS-Unclassified investment options provision, and 353D.05, Subd. 2, the PERA Defined Contribution Plan investment options provision.  |

**Article 14: One Person and Small Group Retirement Provisions**

|   |        |   |         |              |  |
|---|--------|---|---------|--------------|--|
| 1 | 151.3  | SF 2680 (Eken);<br>HF 1352 (Marquart)     | Uncoded | PERA-P&F     | Extends the deadline for filing a disability benefit application for certain Wadena County sheriffs deputies.                                      |
| 2 | 151.33 | SF 2427 (Pappas);<br>HF 2790 (Murphy, M.) | Uncoded | PERA-General | Permits a purchase of salary credit by certain Duluth and Duluth Airport Authority employees.  |
| 3 | 154.22 | SF 2169 (Hayden);<br>HF 2316 (Kahn)       | Uncoded | PERA-General | Permits a Hennepin County commissioner to make a full actuarial value prior service credit purchase of elected career.                             |
| 4 | 155.32 | SF xxxx;<br>HF 3220 (Radinovich)          | Uncoded | PERA-P&F     | Permits a Mille Lacs tribal police officer to make a full actuarial value prior service credit purchase of prior tribal police department service. |
| 5 | 156.26 | SF 2749 (Tomassoni);<br>HF 3118 (Metsa)   | Uncoded | MnSCU, TRA   | Permits MnSCU employee to transfer prior service from IRAP to TRA.   |