



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *JAM*

RE: Summary of the Compilation of Proposed 2015 Legislation Heard and Laid Over for Possible Further Consideration as of March 17, 2015

DATE: March 18, 2015

## Introduction

The Legislative Commission on Pensions and Retirement has heard a number of retirement bills introduced during the 2015 Legislative Session, and has laid those bills over for possible inclusion in the eventual 2015 omnibus retirement bill or bills.

Document LCPR15-04A is a compilation of the proposed legislation heard by the Commission through March 17, 2015, and laid over for possible omnibus retirement bill inclusion.

## Source Proposed Retirement Legislation Compiled through March 17, 2015

Document LCPR15-04A is a compilation of the following:

1. HF 298 (Runbeck); SF 251 (Chamberlain): Providing for continued retirement coverage by the Centennial Volunteer Firefighter Relief Association upon withdrawal of one city from the Centennial Fire Department joint powers agreement. *(Article 10)*
2. HF 41 (Hausman); SF 61 (Marty): Options for the governance and administration of the Roseville Volunteer Firefighters Relief Association. *(Article 10)*
3. HF 45 (Murphy, M. by request); SF 215 (Bakk): Permitting the Proctor Volunteer Firefighters Relief Association to limit application of an increase in service pensions. *(Article 10)*
4. HF 477 (Mahoney); SF 580 (Hawj): PERA; Service credit purchase for unreported St. Paul Public Schools employment. *(Article 11)*
5. HF 565 (O'Driscoll); SF 519 (Pappas): MSRS, PERA-P&F, TRA, SPTRFA; Modifying the financial sustainability triggers for post-retirement adjustment mechanisms. *(Article 4)*
6. HF 566 (O'Driscoll); SF 518 (Pappas): Various plans; Modifications in contribution stabilizer provisions. *(Article 5)*
7. HF 599 (Murphy, M.); SF 537 (Johnson): PERA-SVFRP; Establishing a monthly benefit division in the statewide volunteer fire plan to permit transfers of local monthly benefit volunteer firefighter relief associations plan administration to PERA. *(Article 8)*
8. HF 660 (O'Driscoll); SF 613 (Pappas): MSRS, PERA, SPTRFA; Modifying various economic actuarial assumptions. *(Articles 1-3)*
9. HF 826 (Murphy, M.); SF 884 (Rosen): VFRA; Implementing the recommendations of the State Auditor's Volunteer Fire Relief Association Working Group. *(Articles 6, 9)*
10. HF 1114 (Hansen); SF 1342 (Metzen): MSRS; Service credit purchase for pre-1996 Department of Revenue seasonal employment. *(Article 11)*
11. HF 1121 (Sanders); SF xxxx: PERA; Service credit purchase for uncredited employment by Hennepin County Medical Center employee. *(Article 11)*
12. HF 1204 (O'Driscoll); SF 1140 (Pappas): PERA-SVFRP; Implementing the recommendations of the PERA Volunteer Fire Advisory Board. *(Article 7)*
13. HF 1521 (Hoppe); SF 1373 (Pappas): MSRS-General, MSRS-Unclassified; Clarification of coverage for part-time legislative employees. *(Article 11)*
14. HF 1717 (Johnson, C.); SF 1791 (Rosen): PERA; Coverage for Minnesota River Area Agency on Aging employees. *(Article 11)*
15. HF 1803 (Thissen); SF 1684 (Hayden): PERA; Excluding certain Minneapolis Parks and Recreation Board members. *(Article 11)*
16. HF 1832 (Davids); SF xxxx: PERA privatization; Green Lee Manor in Mabel. *(Article 11)*
17. HF xxxx; SF xxxx (Hann): Hopkins VFRA; Public pension problem of a certain Hopkins Volunteer Firefighter Relief Association deferred member. *(Article 11)*

## General Summary of the 2015 Proposed Retirement Legislation Compilation

### Article 1: Interest Rate, Salary Rate, and Payroll Growth Actuarial Assumption Changes.

*(Derived from HF660/SF613)*

- Amends the economic actuarial assumption specification portion of the Minnesota public employee retirement plan actuarial valuation reporting law by eliminating the 2011 select and ultimate interest rate actuarial assumption for almost all statewide and major local retirement plans, by reducing in most instances the future interest rate actuarial assumption to 8% for the applicable retirement plans, and by reducing in most instances the salary increase actuarial assumption and the payroll growth assumption for the applicable retirement plans.

### Article 2: Conforming Changes in Refund Repayment Provisions Related to Interest Assumption Changes.

*(Derived from amendment H0660-5A to HF660/SF613)*

- Resets the refund repayment compound interest rate at the current 8.5% rate through June 30, 2015, and at an 8.0% rate after June 30, 2015.

### Article 3: Conforming Changes in Leave and Prior Service Credit Purchase Provisions Related to Interest Assumption Change.

*(Derived from amendment H0660-6A to HF660/SF613)*

- Resets the prior service credit purchase payment determination interest rate at the current 8.5% rate through June 30, 2015, and at an 8% rate after June 30, 2015.

### Article 4: Post-Retirement Adjustment Financial Sustainability Trigger Modifications.

*(Derived from HF565/SF519)*

- Revises the reduced rate post-retirement adjustment mechanisms of many statewide retirement plans (all but the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) and the Local Government Correctional Service Retirement Plan (PERA-Correctional)) and the post-retirement adjustment mechanism of the St. Paul Teachers Retirement Fund Association (SPTRFA), by increasing the minimum receipt period required to qualify for an SPTRFA post-retirement adjustment, by reducing the minimum receipt period required to qualify for a postretirement adjustment for most of the statewide retirement plans, by providing for a future post-retirement adjustment reduced rate if funded ratios fall below the current law rate restoration triggers for the plans administered by the Minnesota State Retirement System (MSRS), for the Teachers Retirement Association (TRA), and for the St. Paul Teachers Retirement Fund Association (SPTRFA), and by eliminating the Consumer Price Index-based post-retirement adjustment mechanism currently applicable, but never implemented by, the Public Employees Police and Fire Retirement Plan (PERA-P&F)

### Article 5: Contribution Stabilizer Provision Modifications.

*(Derived from HF566/SF518)*

- Revises the member and employer contribution stabilizer mechanisms added to some or all retirement plans administered by the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA), by shifting the mechanism from a mandatory, virtually automatic, rate-setting procedure to an advisory procedure, by relaxing the specific increments of contribution rate increases or decreases to be imposed to resolve funding deficiencies or sufficiencies, and by specifying the circumstances that each of the governing boards should consider prior to forwarding its contribution rate change recommendation to the Commission.

### Article 6: Police and Firefighters Retirement Supplemental State Aid.

*(Derived from Amendment H0826-3A to HF826/SF884)*

- Exempts the recipient municipalities and nonprofit firefighting corporations from the pension plan funded condition termination provision for the Public Employees Police and Fire Retirement Plan (PERA-P&F) and the State Patrol Retirement Plan, making the supplemental aid to volunteer firefighters permanent.

### Article 7: Statewide Volunteer Firefighter Retirement Plan Lump Sum Retirement Division Modifications.

*(Derived from HF1204/SF1140)*

- Clarifies the short service former defined contribution retirement plan alternative benefit for members of defined contribution volunteer firefighters relief associations that recently joined the statewide volunteer firefighter retirement plan, expands from 20 to 71 the number of lump sum retirement benefit levels available to be selected by the fire department on or after joining the plan, revises the timeframe and deadline date for electing retirement benefit level changes, and clarifies the eligibility for and computation of portable retirement benefits

Article 8: Statewide Volunteer Firefighters Retirement Plan Monthly Benefit Retirement Division Creation. (Derived from HF599/SF537)

- Expands the current voluntary statewide lump-sum volunteer firefighter retirement plan and fund from applicability solely to lump sum and defined contribution volunteer firefighter relief associations to also authorize the election of coverage by and transfer assets and administration from one or more of the current 22 monthly benefit or combination lump sum/monthly benefit volunteer fire-fighter relief associations by creating two divisions in the retirement plan, one for the original lump sum retirement plan participants and a new one of any monthly benefit retirement plan participants.

Article 9: Volunteer Firefighter Relief Association Working Group Recommendations. (Derived from HF826/SF884)

- Delegates the specification of the procedures for the certification of volunteer firefighters relief association financial statements to the State Auditor's office, includes auditing and accounting services specifically in allowable administrative expenses, and requires multiple check signers for relief association disbursements.
- Permits the State Auditor to waive penalty for certain maximum service pension amount determination errors and clarifies ineligibility of lump-sum volunteer firefighters relief associations to grant post-retirement adjustments.
- Adds references to the 2013 police and fire retirement supplemental state aid to fire state aid references in various aspects of volunteer firefighters relief association benefit and funding provisions.
- Provides a default start date for membership commencement unless relief association specifies a different date and limits the number of relief associations to be associated with a fire department.

Article 10: Particular Volunteer Firefighter Relief Association Changes. (Derived from HF41/SF61, HF45/SF215, and HF298/SF251)

- Provides an exception for the Roseville Volunteer Firefighters' Relief Association to increase the number of permitted retired board members as the active membership of the relief association and clarifies the disposition of plan assets as an asset of the Roseville city treasury upon the payment of the last annuity or benefit payment from the relief association.
- Provides a resolution to the future retirement coverage for firefighters after the dissolution of the current three-city form of the Centennial Joint Powers Fire Department by permitting, with local approval by all three cities, current Centennial Fire Department firefighters who elect to do so to transfer their service credit and their proportional share of relief association assets to volunteer firefighter relief associations in adjoining fire service areas.
- Permits the Proctor Volunteer Firefighters Relief Association to increase lump-sum service pensions for prospective years of service only after December 31, 2013, without being required to uniformly apply that increase to such pensions for years of service rendered before the date of increase.

Article 11: Small Group Retirement Changes.

(Derived from HF477/SF580; HF1121/SFxxxx; HF1521/SF1373; HF1717/SF1791; HF1803/SF1684; HF1832/SFxxxx; LCPR15-025)

- Clarifies General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) coverage for part-time legislative employees and extends MSRS Unclassified State Employees Retirement Program (MSRS-Unclassified) coverage to part-time legislative employees.
- Grandparents into General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) coverage employees of the Minnesota River Area Agency on Aging transferred from regional development commission employment.
- Excludes certain current Minneapolis Park and Recreation Board trades personnel from PERA-General coverage.
- Extends the special PERA-General provisions for privatized public employing units to cover the 1996 privatization of the Green Lea Manor in Mabel.
- Authorizes service credit purchases for certain persons for pre-1996 Department of Revenue seasonal employment, for unreported St. Paul Public School System employment, and for prior uncredited employment by or associated with the Hennepin County Medical Center.
- Authorizes, with city approval, the Hopkins Volunteer Firefighter Relief Association to create a non-duty disability deferred member benefit for a certain totally and permanently disabled former Hopkins firefighter.

Section-by-Section Summary of the 2015 Proposed Retirement Legislation Compilation

A section-by-section summary of delete-all amendment LCPR15-04A is attached.

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Section-by-Section Summary of Delete-All Amend. LCPR15-04A

| Sec.   | Pg.Ln | Source Bill(s)                       | Stat. Provision   | Retirement Plan           | Summary   |
|--|-------|--------------------------------------|-------------------|---------------------------|---|
| <b>Article 1: Interest, Salary, and Payroll Growth Assumption Changes</b>  |       |                                      |                   |                           |   |
| 1  | 1.8   | HF 660 (O'Driscoll); SF 613 (Pappas) | 356.215, Subd. 11 | Various plans except TRA  | Sets single 8% interest rate assumption, reduces salary increase assumption, and reduces payroll growth assumption. |
| <b>Article 2: Conforming Changes in Refund Repayment Provisions Related to Interest Assumption Change</b>                        |       |                                      |                   |                           |   |
| 1  | 6.27  | Amend. H0660-5A to HF660/SF613       | 3A.03, Subd. 3    | Legislators               | Refund repayments; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                 |
| 2  | 7.8   | Amend. H0660-5A to HF660/SF613       | 352.01, Subd. 13A | MSRS-General              | Work comp salary payments; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                         |
| 3  | 7.22  | Amend. H0660-5A to HF660/SF613       | 352.01, Subd. 8   | MSRS-General              | Omitted deduction payments; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                        |
| 4  | 8.12  | Amend. H0660-5A to HF660/SF613       | 352.01, Subd. 9   | MSRS-General              | Erroneous deduction transfers; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                     |
| 5  | 8.33  | Amend. H0660-5A to HF660/SF613       | 352.23            | MSRS-General              | Refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                  |
| 6  | 9.16  | Amend. H0660-5A to HF660/SF613       | 352.271           | MSRS-General              | Transit employee refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                 |
| 7  | 10.1  | Amend. H0660-5A to HF660/SF613       | 352B.11, Subd. 4  | State Patrol              | Refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                  |
| 8  | 10.11 | Amend. H0660-5A to HF660/SF613       | 352D.05, Subd. 4  | MSRS-Unclassified         | Refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                  |
| 9  | 10.24 | Amend. H0660-5A to HF660/SF613       | 352D.12           | MSRS-Unclassified         | Prior service contribution transfer; sets two interest rates, 8.5% before July 1, 2015, and 8% after.               |
| 10   | 11.15 | Amend. H0660-5A to HF660/SF613       | 353.27, Subd. 7a  | PERA-General              | Erroneous transmitted deduction; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                   |
| 11   | 12.9  | Amend. H0660-5A to HF660/SF613       | 353.27, Subd. 12  | PERA-General              | Omitted salary deductions; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                         |
| 12   | 13.21 | Amend. H0660-5A to HF660/SF613       | 353.27, Subd. 12a | PERA-General              | Terminated employee omitted deductions; sets two interest rates, 8.5% before July 1, 2015, and 8% after.            |
| 13   | 14.5  | Amend. H0660-5A to HF660/SF613       | 353.28, Subd. 5   | PERA-General              | Amounts due interest; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                              |
| 14   | 14.11 | Amend. H0660-5A to HF660/SF613       | 353.35, Subd. 1   | PERA-General              | Refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                  |
| 15   | 14.26 | Amend. H0660-5A to HF660/SF613       | 354A.093, Subd. 6 | First class city teachers | Military service credit payments; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                  |
| 16   | 15.1  | Amend. H0660-5A to HF660/SF613       | 354A.38, Subd. 3  | First class city teachers | Refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                  |
| 17   | 15.8  | Amend. H0660-5A to HF660/SF613       | 354B.23, Subd. 5  | MnSCU-IRAP                | Omitted deductions; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                |
| 18   | 15.22 | Amend. H0660-5A to HF660/SF613       | 354C.12, Subd. 2  | MnSCU Higher Ed. Suppl.   | Omitted deductions; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                |
| 19   | 16.3  | Amend. H0660-5A to HF660/SF613       | 356.44            | Various plans             | Partial refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                          |
| 20   | 16.22 | Amend. H0660-5A to HF660/SF613       | 490.124, Subd. 12 | Judges                    | Refund repayment; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                                  |
| 21   | 17.3  | Amend. H0660-5A to HF660/SF613       | Effective date    | --                        | Effective July 1, 2015  |
| <b>Article 3: Conforming Changes in Leave and Prior Service Credit Purchase Provisions Related to Interest Assumption Change</b> |       |                                      |                   |                           |   |
| 1  | 17.8  | Amend. H0660-6A to HF660/SF613       | 352.017, Subd. 2  | MSRS-General              | General leave service credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.             |
| 2  | 17.33 | Amend. H0660-6A to HF660/SF613       | 352.27            | MSRS-General              | Military service leave purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                   |
| 3  | 19.10 | Amend. H0660-6A to HF660/SF613       | 352.955, Subd. 3  | MSRS-Correctional         | Transfer of MSRS-General service credit; sets two interest rates, 8.5% before July 1, 2015, and 8% after.           |
| 4  | 20.27 | Amend. H0660-6A to HF660/SF613       | 352B.013, Subd. 2 | State Patrol              | Leave of absence service credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.          |
| 5  | 21.17 | Amend. H0660-6A to HF660/SF613       | 352B.085          | State Patrol              | Disability leave service credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.          |
| 6  | 21.32 | Amend. H0660-6A to HF660/SF613       | 352B.086          | State Patrol              | Military leave service credit; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                     |

Section-by-Section Summary of Delete-All Amend. LCPR15-04A

| Sec. | Pg.Ln | Source Bill(s)                 | Stat. Provision   | Retirement Plan           | Summary  |
|------|-------|--------------------------------|-------------------|---------------------------|--|
| 7    | 23.7  | Amend. H0660-6A to HF660/SF613 | 352D.11, Subd. 2  | MSRS-Unclassified         | Prior service credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                  |
| 8    | 23.18 | Amend. H0660-6A to HF660/SF613 | 353.01, Subd. 16  | PERA-General              | Repetitive and military leave service purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after. |
| 9    | 26.18 | Amend. H0660-6A to HF660/SF613 | 353.0161, Subd. 2 | PERA-General              | Authorized leave service purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.              |
| 10   | 27.7  | Amend. H0660-6A to HF660/SF613 | 353.0162          | PERA-General              | Salary reduction credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.               |
| 11   | 28.23 | Amend. H0660-6A to HF660/SF613 | 354A.096          | First class city teachers | Military leave service purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                |
| 12   | 29.10 | Amend. H0660-6A to HF660/SF613 | 354A.108          | First class city teachers | Work comp salary credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.               |
| 13   | 30.3  | Amend. H0660-6A to HF660/SF613 | 356.195, Subd. 2  | Various                   | Strike period service purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                 |
| 14   | 30.23 | Amend. H0660-6A to HF660/SF613 | 356.50, Subd. 2   | Various                   | Salary back pay service and salary purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.    |
| 15   | 31.12 | Amend. H0660-6A to HF660/SF613 | 356.551, Subd. 2  | Various                   | General service credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                |
| 16   | 32.19 | Amend. H0660-6A to HF660/SF613 | 490.121, Subd. 4  | Judges                    | Leave service purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.                         |
| 17   | 33.5  | Amend. H0660-6A to HF660/SF613 | 490.1211          | Judges                    | Military service credit purchase; sets two interest rates, 8.5% before July 1, 2015, and 8% after.               |
| 18   | 34.14 | Amend. H0660-6A to HF660/SF613 | Effective date    | --                        | Effective July 1, 2015   |

**Article 4: Postretirement Adjustment Financial Sustainability Trigger Modifications**

|   |       |                                      |                   |   |  |
|---|-------|--------------------------------------|-------------------|---|--|
| 1 | 34.19 | HF 565 (O'Driscoll); SF 519 (Pappas) | 354A.29, Subd. 7  | SPTRFA                                    | Post-retirement adjustment eligibility; eligibility waiting period extended from 3 months to 6 months.   |
| 2 | 34.31 | HF 565 (O'Driscoll); SF 519 (Pappas) | 354A.29, Subd. 8  | SPTRFA                                    | Partial adjustment set at one-half of full adjustment until there is one-year wait; trigger set for future funded ratio decline.                     |
| 3 | 35.26 | HF 565 (O'Driscoll); SF 519 (Pappas) | 354A.29, Subd. 9  | SPTRFA                                    | Partial adjustment set at one-half of full adjustment until there is one-year wait; trigger set for future funded ratio decline.                     |
| 4 | 36.25 | HF 565 (O'Driscoll); SF 519 (Pappas) | 356.415, Subd. 1  | Various                                   | Partial post-retirement adjustment; revises waiting period during partial calendar year initial receipt.   |
| 5 | 37.9  | HF 565 (O'Driscoll); SF 519 (Pappas) | 356.415, Subd. 1a | MSRS-General<br>MSRS-Corr.<br>Legislators | Revises partial post-retirement adjustment waiting period during partial calendar year initial receipt; trigger set for future funded ratio decline. |
| 6 | 39.1  | HF 565 (O'Driscoll); SF 519 (Pappas) | 356.415, Subd. 1c | PERA-P&F                                  | Eliminates CPI-based post-retirement adjustment in favor of flat rate adjustment.  |
| 7 | 40.30 | HF 565 (O'Driscoll); SF 519 (Pappas) | 356.415, Subd. 1d | TRA                                       | Revises partial post-retirement adjustment waiting period during partial calendar year initial receipt; trigger set for future funded ratio decline. |
| 8 | 42.17 | HF 565 (O'Driscoll); SF 519 (Pappas) | 356.415, Subd. 1e | State Patrol                              | Revises partial post-retirement adjustment waiting period during partial calendar year initial receipt; trigger set for future funded ratio decline. |
| 9 | 44.1  | HF 565 (O'Driscoll); SF 519 (Pappas) | 356.415, Subd. 1f | Judges                                    | Partial post-retirement adjustment; revises waiting period during partial calendar year initial receipt.   |

**Article 5: Contribution Stabilizer Provision Modifications**

|   |       |                                      |                  |              |   |
|---|-------|--------------------------------------|------------------|--------------|---|
| 1 | 44.33 | HF 566 (O'Driscoll); SF 518 (Pappas) | 352.045          | MSRS Plans   | Makes the contribution rate revision permissive rather than mandatory, removes the specific increase or decrease increments, and specifies the criteria to be employed to determine any adjustment. |
| 2 | 48.4  | HF 566 (O'Driscoll); SF 518 (Pappas) | 353.27, Subd. 3b | PERA-General | Makes the contribution rate revision permissive rather than mandatory, removes the specific increase or decrease increments, and specifies the criteria to be employed to determine any adjustment. |
| 3 | 51.4  | HF 566 (O'Driscoll); SF 518 (Pappas) | 354.42, Subd. 4b | TRA          | Makes the contribution rate revision permissive rather than mandatory.  |
| 4 | 52.1  | HF 566 (O'Driscoll); SF 518 (Pappas) | 354.42, Subd. 4d | TRA          | Makes change to rate revision reporting requirement conforming to shift to permissive adjustment.   |

**Article 6: Police and Firefighter Retirement Supplemental State Aid**

|   |       |                                |                   |                            |  |
|---|-------|--------------------------------|-------------------|----------------------------|--|
| 1 | 52.13 | Amend. H0826-3A to HF826/SF884 | 423A.022; Subd. 5 | P&F supplemental state aid | Makes the volunteer firefighter portions of the state aid program permanent. |
|---|-------|--------------------------------|-------------------|----------------------------|--|

Section-by-Section Summary of Delete-All Amend. LCPR15-04A

| Sec.   | Pg.Ln | Source Bill(s)  | Stat. Provision           | Retirement Plan | Summary   |
|--|-------|---|---------------------------|-----------------|---|
| <b>Article 7: Statewide Volunteer Firefighter Retirement Plan Lump Sum Retirement Division Modifications</b>   |       |   |                           |                 |   |
| 1  | 52.29 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.09,<br>Subd. 3       | PERA-SVFRP      | Clarifies, for former members of a defined contribution volunteer firefighter relief association, the amount of the alternative service pension for active members retiring before obtaining at least five years of good time service credit covered by the retirement plan as the vested pre-plan benefit.   |
| 2  | 53.24 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.11,<br>Subd. 1       | PERA-SVFRP      | Eliminates the current 20 service pension levels, with \$100 increments under \$1,000 per year of service, \$250 increments between \$1000 and \$1,500 per year of service, and \$500 increments above \$1,500 per year of service, with 72 levels of service pensions at \$100 increments between \$500 and \$7,500 per year of service.   |
| 3  | 54.17 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.11,<br>Subd. 1a      | PERA-SVFRP      | Designates the grandparented \$750 service pension level eliminated in 2010 as paragraph (a) and adds, as paragraph (b), a grandparenting of any service pension levels in effect at the time the change in section 2 is enacted.   |
| 4  | 54.30 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.11,<br>Subd. 2       | PERA-SVFRP      | Extends the time period deadline for municipal consideration of a service pension change from 90 to 120 days, sets the default effective date for the level change to the next following January 1 unless the municipality specifies a one-year delay, and provides for a recalculation and recertification of municipal funding requirements for service level change approvals later than April 30. |
| 5  | 55.9  | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.11,<br>Subd. 4       | PERA-SVFRP      | Specifies an exception by cross-reference for disability coverage provided through insurance.   |
| 6  | 55.13 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.13,<br>Subd. 1       | PERA-SVFRP      | Clarifies that eligibility for a service pension with good time service involving more than one participating fire department is based on non-concurrent service periods.   |
| 7  | 55.21 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | 353G.13,<br>Subd. 2       | PERA-SVFRP      | Clarifies that the portability service pension must be calculated recognizing the plan's vesting percentage provision.  |
| 8  | 55.30 | HF 1204 (O'Driscoll);<br>SF 1140 (Pappas)                       | Effective date            | --              | Sets a July 1, 2015, effective date.  |
| <b>Article 8: Statewide Volunteer Firefighter Retirement Plan Monthly Benefit Retirement Division Creation</b> |       |   |                           |                 |   |
| 1  | 56.4  | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                        | 11A.17,<br>Subd. 2        | SBI             | Revises the statewide volunteer firefighter retirement plan name consistent with Section 2.   |
| 2  | 56.16 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A | 353BG.01,<br>Subd. 6      | PERA-SVFRP      | Revises the plan name by eliminating "lump-sum"   |
| 3  | 56.19 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                        | 353G.01,<br>Subd. 7       | PERA-SVFRP      | Clarifies that "good time service credit" is based on the reported service.   |
| 4  | 56.24 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                        | 353G.01,<br>New Subd. 7a  | PERA-SVFRP      | Adds the definition of "lump sum account" to refer to the assets related to lump sum retirement plans.  |
| 5  | 56.28 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                        | 353G.01,<br>New Subd. 7b  | PERA-SVFRP      | Adds the definition of "lump sum account" to refer to the division of the retirement plan for lump sum plans.   |
| 6  | 57.1  | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A | 353G.01<br>New Subd. 7c   | PERA-SVFRP      | Adds the definition of "monthly benefit account" to refer to the assets related to lump sum retirement plans.   |
| 7  | 57.6  | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                        | 353G.01,<br>New Subd. 7d  | PERA-SVFRP      | Adds the definition of "monthly benefit account" to refer to the division of the retirement plan for monthly benefit plans.   |
| 8  | 57.10 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A | 353G.01,<br>New Subd. 10a | PERA-SVFRP      | Adds the definition of "retirement benefit plan document" to cover pre-transfer articles of incorporation and bylaws and post-transfer benefit modifications.   |
| 9  | 57.17 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A | 353G.01,<br>Subd. 11      | PERA-SVFRP      | Updates plan name in definition of "retirement fund" consistent with Section 2.   |
| 10   | 57.21 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A | 353G.01,<br>Subd. 12      | PERA-SVFRP      | Includes in definition of "retirement plan" lump sum and monthly benefit retirement plan references.  |
| 11   | 57.25 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-3A | 353G.02                   | PERA-SVFRP      | Expands the retirement plan establishment provision with the addition of a monthly benefit division and provides for regular actuarial valuations for the monthly benefit division.   |
| 12   | 59.25 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-2A | 353G.03                   | PERA-SVFRP      | Expands the retirement plan advisory board with the addition of one monthly benefit plan representative and eliminates an obsolete transitional period term provision.  |
| 13   | 60.29 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                        | 353G.04                   | PERA-SVFRP      | Updates the plan name referenced in the fire department information mandate provision consistent with Section 2.  |

Section-by-Section Summary of Delete-All Amend. LCPR15-04A

| Sec. | Pg.Ln | Source Bill(s)  | Stat. Provision         | Retirement Plan | Summary  |
|------|-------|---|-------------------------|-----------------|--|
| 14   | 61.1  | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.05                 | PERA-SVFRP      | Augments the coverage election provision to include an appropriate election procedure for fire departments with current monthly benefit volunteer firefighters' relief associations, including authority for PERA to charge electing monthly benefit volunteer firefighters' relief associations for the additional administrative expense incurred.             |
| 15   | 64.3  | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.06                 | PERA-SVFRP      | Modifies relief association disestablishment provision to clarify that disestablishment date, to clarify that retention of the relief association as corporation is to function as a fraternal organization solely, and to update plan name consistent with Section 2.   |
| 16   | 65.8  | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.07                 | PERA-SVFRP      | Expands the good time service credit certification provision to include the new monthly benefit retirement plan.   |
| 17   | 66.11 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A & -5A | 353G.08                 | PERA-SVFRP      | Limits the current funding provision to the lump sum retirement plan, adds an approximately tailored funding provision for the monthly benefit retirement plan, and adds useful cross-references to both plans in various subdivisions of the section.   |
| 18   | 70.10 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.09                 | PERA-SVFRP      | Amends the service pension eligibility provision, with monthly benefit retirement plan members required to have at least three years of good-time service credit to vest partially (40%), and to fully vest with 20 years, and clarifies that the alternative service pension eligibility and computation provision applies solely to lump sum retirement plans. |
| 19   | 72.6  | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.10                 | PERA-SVFRP      | Modifies the deferred service pension provision by specifying that it applies also to the monthly benefit retirement plan and by clarifying that monthly benefit retirement plan members are not eligible to service pension increases during deferral.  |
| 20   | 72.17 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.11                 | PERA-SVFRP      | Clarifies that the current service pension levels provision is applicable only to lump sum retirement plans.   |
| 21   | 73.30 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | New<br>353G.112         | PERA-SVFRP      | Specifies the service pension levels for the monthly benefit retirement plan are those in effect upon entrance into the statewide plan.  |
| 22   | 73.35 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A       | 353G.115                | PERA-SVFRP      | Retains the current disability benefit provision for the lump sum retirement plan and specifies that the disability benefit coverage for the monthly benefit retirement plan is the benefit in force upon entry into the statewide plan.   |
| 23   | 74.19 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A       | 353G.12,<br>Subd. 2     | PERA-SVFRP      | Retains the survivor benefit provision for the lump sum retirement plan.   |
| 24   | 74.24 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.12,<br>New Subd. 3 | PERA-SVFRP      | Adds a monthly benefit retirement plan survivor benefit provision, based on the benefit provisions in effect upon its entrance into the statewide plan.  |
| 25   | 74.30 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-4A & -5A | New<br>353G.121         | PERA-SVFRP      | Sets forth a procedure for initiating a modification in the retirement benefit plan document of a monthly benefit division-covered municipality or related entity, the preparation of an actuarial cost estimate, and the approval of the modification by the municipality or entity governing board.  |
| 26   | 75.35 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.13                 | PERA-SVFRP      | Restricts the current portability provisions to the lump sum retirement plan only.   |
| 27   | 76.19 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.14                 | PERA-SVFRP      | Restricts the current annuity contract purchase provision to the lump sum retirement plan only.  |
| 28   | 76.31 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.15                 | PERA-SVFRP      | Restricts the current individual retirement account transfer provision to the lump sum retirement plan only.   |
| 29   | 77.10 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 353G.16                 | PERA-SVFRP      | Clarifies the application of the no garnishment/no assignment provisions to the voluntary statewide volunteer firefighter retirement plan.   |
| 30   | 77.14 | HF 599 (Murphy, M.);<br>SF 537 (Johnson)                              | 356.215,<br>Subd. 8     | PERA-SVFRP      | Implements an increase in the interest rate assumption for monthly benefit volunteer retirement plans administered by the statewide volunteer fire plan from 5% to 6%.   |
| 31   | 82.11 | HF 599 (Murphy, M.);<br>SF 537 (Johnson) and<br>Amend. H0599-1A       | Effective Date          | --              | Effective July 1, 2015, except for advisory board change, which is effective on July 1 of the year in which the first monthly benefit relief association transfers.  |

**Article 9: Volunteer Firefighter Relief Association Working Group Recommendations**

|   |       |  |                     |                                |  |
|---|-------|--|---------------------|--------------------------------|--|
| 1 | 82.22 | HF 826 (Murphy, M.);<br>SF 884 (Rosen) | 69.051,<br>Subd. 1a | Fire<br>State Aid<br>Reporting | Detailed financial statement contents; delegates specific reporting requirements to agreed-upon procedures and forms as prescribed by the State Auditor. |
| 2 | 83.29 | HF 826 (Murphy, M.);<br>SF 884 (Rosen) | 69.80               | VFRAAs                         | Permissible administrative expenses; allows relief association payment of expenses for audit services, accounting and accounting services.               |



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| Sec.   | Pg.Ln  | Source Bill(s)  | Stat. Provision           | Retirement Plan               | Summary   |
|--|--------|---|---------------------------|-------------------------------|---|
| 3  | 84.31  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.001,<br>New Subd. 12 | VFRAs                         | Membership start date; sets default date if relief association does not specify different date.   |
| 4  | 85.4   | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.002,<br>Subd. 1      | VFRAs                         | Relief association limit; limits volunteer firefighters relief associations associated with fire department or corporation to one.  |
| 5  | 85.12  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.016,<br>Subd. 4      | Defined contribution<br>VFRAs | 2013 State Aid allocation; includes police and firefighter retirement supplemental state aid in member account allocation.  |
| 6  | 86.25  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.02,<br>Subd. 3       | Lump sum<br>VFRAs             | Flexible service pension maximums; includes police and firefighter retirement supplemental state aid in calculation of the available funding per firefighter calculation.   |
| 7  | 93.28  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.02,<br>Subd. 3a      | VFRAs                         | Maximum service pension errors; permits the State Auditor to qualify relief association for fire state aid if maximum service pension error made in good faith and payment recovery procedures have begun.              |
| 8  | 94.30  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.02,<br>Subd. 9a      | VFRAs                         | Post-retirement increase eligibility; clarifies that post-retirement increase authority is limited to monthly benefit volunteer firefighters relief associations.   |
| 9  | 95.8   | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.05,<br>Subd. 2       | VFRAs                         | Special fund revenue; includes police and firefighter retirement supplemental state aid in fund revenue.  |
| 10   | 95.24  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.05,<br>Subd. 3       | VFRAs                         | Special fund disbursements; requires minimum of two check signers or electronic fund transfer authorizers and requires volunteer firefighters relief associations to formulate payment and internal control procedures. |
| 11   | 96.24  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.092,<br>Subd. 3      | Lump sum<br>VFRAs             | Financial requirements calculation; includes police and firefighter retirement supplemental state aid in calculation.   |
| 12   | 98.19  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.092,<br>Subd. 6      | Lump sum<br>VFRAs             | Benefit increase ratification; includes police and firefighter retirement supplemental state aid in calculation of exception to municipal ratification requirement.   |
| 13   | 99.19  | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.093,<br>Subd. 5      | Monthly benefit<br>VFRAs      | Financial requirements calculation; includes police and firefighter retirement supplemental state aid in calculation.   |
| 14   | 100.31 | HF 826 (Murphy, M.);<br>SF 884 (Rosen)                    | 424A.093,<br>Subd. 5      | Monthly benefit<br>VFRAs      | Benefit increase ratification; includes police and firefighter retirement supplemental state aid in calculation of exception to municipal ratification requirement.   |
| <b>Article 10: Particular Volunteer Firefighter Relief Association Changes</b> |        |   |                           |                               |   |
| 1  | 101.32 | HF 41 (Hausman);<br>SF 61 (Marty); and<br>Amend. H0041-1A | Uncoded                   | Roseville<br>VFRA             | Substitutes retirees for active members on relief association board as association active membership phases out, effective on local approval.   |
| 2  | 102.31 | HF 298 (Runbeck);<br>SF 251 (Chamberlain)                 | Uncoded                   | Centennial<br>VFRA            | Provides portability for volunteer firefighters downsized from reconfigured Centennial Joint Powers Fire Department, with proportional liability and asset transfer, effective on local approval.                       |
| 3  | 104.28 | HF 45 (Murphy, M. by req);<br>SF 215 (Bakk)               | Uncoded                   | Proctor<br>VFRA               | Provides exception to uniform pension level requirement to allow for prospective-service-only service pension increases.  |
| <b>Article 11: Small Group Retirement Changes</b>                              |        |   |                           |                               |   |
| 1  | 105.7  | HF 1521 (Hoppe);<br>SF 1373 (Pappas)                      | 352.01,<br>Subd. 2a       | MSRS-General                  | Clarifies the inclusion of part-time employees who are not session-only employees and eliminates the inclusion of temporary investigation employees as obsolete.  |
| 2  | 106.32 | HF 1521 (Hoppe);<br>SF 1373 (Pappas)                      | 352.01,<br>Subd. 2b       | MSRS-General                  | Clarifies the exclusion of legislative session-only part-time legislative employees.  |
| 3  | 110.4  | HF 1521 (Hoppe);<br>SF 1373 (Pappas)                      | 352D.02,<br>Subd. 1       | MSRS-General                  | Includes part-time legislative employees in coverage, retroactive to March 28, 2013.  |
| 4  | 112.1  | HF 1717 (Johnson, C.);<br>SF 1791 (Rosen)                 | 353.01,<br>Subd. 2a       | PERA-General                  | Grandparents inclusion of former regional development commission employees who have been transferred to direct employment by the Minnesota River Area Agency on Aging.  |
| 5  | 113.21 | HF 1803 (Thissen);<br>SF 1684 (Hayden)                    | 353.01,<br>Subd. 2b       | PERA-General                  | Excludes current Minneapolis Park and Recreation Board temporary trades employees shifted to permanent employees in favor of union pension fund coverage.   |
| 6  | 117.15 | HF 1832 (Davids);<br>SF xxxx                              | New 353F.021              | PERA<br>Privatization         | Includes Green Lea Manor in Mabel, a 1996 privatization, in coverage by privatization law special benefit provisions.   |
| 7  | 117.23 | HF 1803 (Thissen);<br>SF 1684 (Hayden)                    | Uncoded                   | PERA-General                  | Implements Section 5 exclusion election process.  |

Section-by-Section Summary of Delete-All Amend. LCPR15-04A

| Sec. | Pg.Ln  | Source Bill(s)                             | Stat. Provision | Retirement Plan | Summary  |
|------|--------|--|-----------------|-----------------|--|
| 8    | 118.1  | HF 1114 (Hansen);<br>SF 1342 (Metzen)      | Uncoded         | MSRS-General    | Permits pre-1996 seasonal Department of Revenue employee to purchase 1988-1994 excluded seasonal employment periods.   |
| 9    | 119.5  | HF 477 (Mahoney);<br>SF 580 (Hawj)         | Uncoded         | PERA-General    | Authorizes 11-month service credit purchase for certain St. Paul Public School System non-teaching employees erroneously reported as having terminated.  |
| 10   | 120.15 | HF 1121 (Sanders);<br>SF xxxx              | Uncoded         | PERA-General    | Authorizes service credit purchase by certain persons employed by or associated with the Hennepin County Medical Center.   |
| 11   | 121.25 | HF xxxx (Hann);<br>SF xxxx<br>(LCPR15-025) | Uncoded         | Hopkins VFRA    | With city approval, permits Hopkins volunteer firefighter relief association to establish a total and permanent disability benefit for certain deferred members, with an advance by the Department of Revenue of subsequent year fire state aid. |