



TO: Senate Members of the Legislative Commission on Pensions and Retirement

FROM: Susan Lenczewski, Executive Director  
Rachel Barth, Deputy Director

RE: 2016 Senate Omnibus Retirement Bill (S.F. 588, First Engrossment), as recommended by the Senate Committee on State and Local Government

DATE: May 18, 2016

## Introduction

S.F. 588, (Pappas), the first engrossment, contains the contents of the 2016 Omnibus Retirement Bill as recommended by the State and Local Government Committee on May 17, 2016.

## Source Legislation for the Senate Version of the 2016 Omnibus Retirement Bill

The Senate version of the 2016 Omnibus Retirement Bill includes all or portions of the contents of the following retirement bills and substantive amendments:

1. HF659 (O'Driscoll); SF588 (Pappas): MSRS; Allowing for extension of the disability benefit application deadline in the case of a member's cognitive impairment.
2. HF2785 (Loon); SF2536 (Hann): VFRA; Increasing lump-sum service pension maximums for defined benefit relief associations; lowering vesting requirement for Eden Prairie VFRA firefighters returning to service.
3. HF2807 (O'Driscoll); SF2536 (Pappas): MSRS, PERA, TRA, SPTRFA; Making changes to plan administrative provisions; modifying actuarial assumptions.
4. HF2810 (Howe); SF2743 (Pappas), in the form of Amendment H2807-5A: PERA; Modifying public safety officer death benefits; adopting definitions of the federal Hometown Heroes Act.
5. HF3136 (Thissen); SF2853 (Pappas): Increasing the maximum permissible employer contribution to a laborers pension fund.
6. HF3137 (O'Driscoll); SF2473 (Rosen/Pappas); VFRA; Making changes recommended by the Volunteer Fire Relief Association Working Group.
7. HF3347 (Metsa); SF3011 (Tomassoni): MSRS; Allowing certain MnDOT employees to purchase service credit and thereby become eligible for Rule of 90 retirement.
8. HF3351 (Theis); SF2890 (Pederson): MnSCU-IRAP, PERA; Allowing St. Cloud State University employee to purchase service credit from PERA for period erroneously placed in the IRAP.
9. HF3422 (Knoblach); SFxxxx: MnSCU-IRAP, TRA; Allowing St. Cloud State University employee to repay refund and elect prospective and retroactive TRA coverage rather than remain in the IRAP.
10. HF3494 (Anzelc); SF3158 (Saxhaug): VFRA; Modifying the effective date of the consolidation of the Coleraine and Bovey Fire Relief Associations.
11. HF3718 (Metsa); SF3366 (Tomassoni): MnSCU-IRAP, TRA; Allowing two Mesabi Range Community and Technical College employees who were not offered an election upon reaching tenure to purchase service credit from TRA rather than remain in the IRAP.

12. HF 3805 (O'Driscoll); SFxxxx: Authorizing public pension and retirement plans to accept certain additional sources of funding.
13. Commission amendment H2807-2A: Making technical corrections, removing obsolete references.
14. Senate State and Local Governmental Committee Amendment S0588-3A: Making technical corrections, removing obsolete references.
15. Senate State and Local Governmental Committee Amendment S0588-4A: PERA-SVF; Eliminating the requirement that the first relief association to join the monthly benefit division be reimbursed for PERA's administrative expenses by relief associations that join later.
16. Senate State and Local Governmental Committee Amendment S0588-5A: MSRS, TRA, SPTRFA; One-year COLA reduction, elimination of COLA triggers, and SPTRFA employer contribution increase.

### **General Summary of the 2016 Omnibus Retirement Bill, Delete-All Amendment H0659-2A**

#### Article 1: MSRS, TRA, and SPTRFA Post-Retirement Adjustment Revisions; SPTRFA Supplemental Employer Contribution. *(Senate State & Local Amendment S0588-5A related to HF3070/SF2521, HF3085/SF2724, and HF3360/SF2867)*

- Provides for an increase in the employer contribution of 0.5% of salary, for both the basic and coordinated plans of St. Paul Teachers Retirement Fund Association (SPTRFA), effective July 1, 2018;
- Removes the COLA trigger for the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the MSRS Correctional State Employees Retirement Plan (MSRS-Correctional), the Teachers Retirement Association (TRA), and SPTRFA so there will be no automatic increase in the COLA for each of these plans if specific funding thresholds are reached;
- Extends the amortization period for reaching full funding for TRA to June 30, 2046, from the current June 30, 2037; and
- Reduces the COLA for MSRS plans (other than the State Patrol and Judges plans) and TRA for one year, effective January 1, 2017, by 0.25% for MSRS and by 1% for TRA, resulting in a calendar year 2017 COLA adjustment of 1.75% for MSRS and 1% for TRA.

#### Article 2: Minnesota State Retirement System (MSRS) Administrative Provisions. *(HF2807/SF2536)*

- Revises the refund repayment provision for each MSRS plan to make them uniform.
- Authorizes transfers of funds from the general fund to the Legislators retirement fund, a provision requested by Minnesota Management & Budget (MMB).
- Exempts transactions among defined contribution funds in the MSRS Deferred Compensation Plan from the requirement to report transactions through the State's SWIFT (State Wide Integrated Financial Tools) system.
- Revises criteria for appointing an executive director and inserts references to deputy director.

#### Article 3: Teachers Retirement Association (TRA) Administrative Provisions. *(HF2807/SF2536)*

- Clarifies that charter school directors are covered by TRA, but allows any charter school directors in Public Employees Retirement Association (PERA) as of July 1, 2016, to continue in PERA.
- Removes obsolete references to the Duluth school district and the Minnesota State Colleges and Universities System (MnSCU).
- Adds definition of "former spouse" to clarify that a former spouse is an ex-spouse (pursuant to divorce) and adds a provision that directs that the death benefits of a former spouse be paid, first, to his or her designated beneficiary and, if no designation, then to the former spouse's estate.
- Revises criteria for appointing an executive director and inserts references to deputy director.

- Extends the number of years of authorized medical leave that can be considered allowable service credit, if the member makes the required payment, from one to five years.
- Requires the executive director to reject an application for TRA disability benefits if the member is only applying because a long-term disability insurance policy requires the application.
- Updates a reference to an 85-day period to a half year to reflect time period increments currently used by TRA.
- Permits designated beneficiaries to receive death benefits as each beneficiary applies for the benefits.
- Clarifies that a member is not entitled to disability benefits if he or she has reached normal retirement age and removes an obsolete reference to minimum salary requirement.
- Removes a waiting period requirement that will allow TRA to collect delinquent payments quicker from a school district or charter school.
- Eliminates a fine for failure by a school district to report to TRA its school year beginning and end dates.

Article 4: Public Employees Retirement Association (PERA) Administrative Provisions. (HF2807/SF2536)

- Merges the service credit purchase provision into the salary purchase provision and repeals the service credit purchase provision.
- Clarifies that if a member passes away or terminates service before receipt of a retirement annuity, any prior payments of disability or survivors benefits must be deducted from the refund of contributions.
- Clarifies that Hennepin Healthcare System Inc. supervisors and managers of paramedics and emergency medical technicians are included in the Public Employees Police and Fire Plan (PERA-P&F).

Article 5: St. Paul Teachers Retirement Fund Association Administrative Provisions. (HF2807/SF2536)

- Replaces obsolete reference to “applicable first class city” with “St. Paul.”
- Clarifies the periods during which 8.5% or 8% interest rate applies for service credit purchases and repayment of refunds.

Article 6: Retirement Systems, Generally, Administrative Provisions. (HF2807/SF2536)

- Clarifies the combined service annuity (CSA) provision stating that the applicable augmentation rate is the rate that applies under the plan in which the annuity was earned and that a member must terminate all public service to be eligible for a CSA.
- Clarifies the periods during which 8.5% or 8% interest rate applies for service credit purchases for all retirement plans but TRA.
- Revises and clarifies the provisions setting forth the annual limits on annual additions to state-sponsored defined contribution plans and on pension benefits under state-sponsored defined benefit plans, which are imposed by the federal Internal Revenue Code. Repeals duplicative provisions regarding annual limits.
- Adds a provision authorizing retirement plans to correct operational, document and other errors to preserve tax-qualification, including measures authorized by the IRS’ employee plans compliance resolution system.
- Revises the appeals procedures that apply to PERA, TRA and MSRS by clarifying time periods, the decision-maker and procedural details applicable at each stage in the process and requirements relating to development of the administrative record, among other requirements. Eliminates obsolete references and repeals obsolete provisions.

Article 7: Actuarial Assumptions. (HF2807/SF2536)

- Lowers TRA's interest rate assumption from 8.5% to 8%, which occurred for all other public retirement plans during the 2015 legislative session.
- Lowers TRA's payroll growth assumption from 3.75% to 3.5%, which occurred for all other public retirement plans during the 2015 legislative session.
- Updates the future salary increase assumption for MSRS-General, PERA-General, and TRA to incorporate the recommendations of the plans' 2015 experience study results.
- Updates the future salary increase assumption for St. Paul Teachers Retirement Fund Association (SPTRFA) and removes obsolete references.

Article 8: Volunteer Firefighter Relief Association Modifications. (HF2785/SF2536, Commission Amendment H2807-4A, HF3137/SF2473, HF3494/SF3158, Senate State & Local Amendment S0588-4A)

- Adopts the changes recommended by the Volunteer Fire Relief Association Working Group.
- Increases the maximum lump-sum service pension amount payable for each year of credited service under defined benefit volunteer firefighter relief associations statewide effective January 1, 2017, or earlier for the Eden Prairie relief association, upon approval by the Eden Prairie city council.
- Reduces the vesting requirements for Eden Prairie volunteer firefighters upon return to active service.
- Moves the Coleraine and Bovey consolidation effective date from January 1, 2017, to September 1, 2016, to qualify for 2016 fire state aid and requires the new relief association to report the number of firefighters to the Department of Revenue and the State Auditor.
- Eliminates the requirement that the next nine relief associations to join the Monthly Benefit Division of the Statewide Volunteer Firefighter Retirement Plan reimburse the Spring Lake Park-Blaine-Moundsview Fire Department for PERA administrative expenses in excess of \$33,600.

Article 9: MSRS-Administered Retirement Plan Modifications. (HF659/SF588)

- Extends the disability benefit application deadline by an additional 18 months if a member's cognitive impairment prevents the member from meeting the initial 18-month application deadline.

Article 10: PERA-Administered Retirement Plan Modifications. (Commission Amendment H2807-5A, drawn from HF2810/SF2743)

- Revises the definition of "line of duty death" to add a second definition, which is a death as determined by the Commissioner of Public Safety to meet the definition of "killed in the line of duty" at section 299A.41, subdivision 3. "Killed in the line of duty" is being amended separately by non-Pension Commission legislation to include death from heart attack, stroke, or vascular rupture that occurs while performing dangerous police and fire duties or within 24 hours of performing such duties, making the definition consistent with the definition under the federal Hometown Heroes Act.

Article 11: Generally Applicable Retirement Changes. (HF3136/SF2853; HF3805/SFxxxx)

- Increases the maximum employer contribution from \$5,000 to \$7,000 per year per employee to the laborers national industrial pension plan.
- Authorizes all state public retirement plans to accept gifts, donations, bequests, and life insurance death benefits, at the discretion of the plan; repeals similar provisions applicable to MSRS and PERA.

Article 12: Small Group Retirement Changes. (HF3347/SF3011, HF3351/SF2890, HF3422/SFxxxx, HF3718/SF3366)

- Permits 22 Department of Transportation (MnDOT) employees to purchase service credit and gain Rule of 90 eligibility for period of seasonal or temporary employment.

- Permits one employee of St. Cloud State University to purchase service credit in PERA for five years of erroneous MnSCU Individual Retirement Account Plan (IRAP) coverage.
- Permits one employee of St. Cloud State University to elect retroactive and prospective TRA coverage rather than MnSCU-IRAP coverage to correct a MnSCU error.
- Permits two employees of Mesabi Range Community and Technical College to elect retroactive and prospective TRA coverage rather than their current MnSCU-IRAP coverage to correct a MnSCU error.

Article 13: Technical Corrections. (*Commission Amendment H2807-4A; Senate State & Local Amendment S0588-3A*)

- Removes obsolete references to the Duluth Teachers Retirement Fund Association and the Duluth school district in SPTRFA statutes and repeals obsolete provisions.
- Removes obsolete references to provisions that are repealed in Article 4.

**Section-by-Section Summary of S.F. 588, the First Engrossment**

A section-by-section summary of S.F. 588, the First Engrossment is attached.

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Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
<b>Article 1: MSRS, TRA, SPTRFA Post-Retirement Adjustment Revisions; SPTRFA Supplemental Employer Contribution</b>					
1	2.19	Senate State & Local Amend. S0588-5A	354A.12. Subd. 2a	SPTRFA	Provides for an increase in the employer contribution, starting July 1, 2018, of 0.5% of salary, to be contributed by the St. Paul Public School District. This will set the employer contribution rate at 7% as of July 1, 2018, up from 6.5%.
2	3.17	Senate State & Local Amend. S0588-5A	354A.29, Subd. 7	SPTRFA	Removes the COLA trigger provisions and makes conforming changes.
3	4.5	Senate State & Local Amend. S0588-5A	356.215, Subd. 8	MSRS-General MSRS-Corr. TRA	Removes the COLA trigger provisions and makes conforming changes.
4	9.6	Senate State & Local Amend. S0588-5A	356.215, Subd. 11	TRA	Extends the amortization period for reaching full funding from June 30, 2037, to June 30, 2046 (30 years).
5	11.25	Senate State & Local Amend. S0588-5A	356.415, Subd. 1a	All MSRS plans except State Patrol & Judges	Reduces the COLA for one year, beginning January 1, 2017, from 2% to 1.75% and removes the COLA trigger provisions.
6	13.27	Senate State & Local Amend. S0588-5A	356.415, Subd. 1d	TRA	Reduces the COLA for one year, beginning January 1, 2017, from 2% to 1% and removes the COLA trigger provisions.
7	15.11	Senate State & Local Amend. S0588-5A	356.415, Subd. 1e	State Patrol Plan	Inserts COLA trigger provisions that had been included in the provisions for MSRS plans generally, but are removed by Section 5.
8	17.6	Senate State & Local Amend. S0588-5A	356.415, Subd. 1f	Judges Plan	Inserts COLA trigger provisions that had been included in the provisions for MSRS plans generally, but are removed by Section 5.
9	18.33	Senate State & Local Amend. S0588-5A	490.121, Subd. 25	Judges Plan	Revises cross-references in the Judges Plan provisions (Tier I) to the COLA trigger provisions added by Section 8.
10	19.5	Senate State & Local Amend. S0588-5A	490.121, Subd. 26	Judges Plan	Revises cross-references in the Judges Plan provisions (Tier I) to the COLA trigger provisions added by Section 8.
11	19.12	Senate State & Local Amend. S0588-5A	Repealer	MSRS SPTRFA	Repeals unnecessary general COLA trigger provisions being incorporated into plan-specific provisions, and unnecessary COLA trigger and COLA provisions for SPTRFA.

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
<b>Article 2: Minnesota State Retirement System Administrative Provisions</b>					
1	19.21	HF2807 (O'Driscoll); SF2536 (Pappas)	3A.03, Subd. 2	Legislators Plan	Adds a reference to the MSRS-General refund repayment provision; repayment to be made in partial payments during employment or as a lump sum up to six months after termination.
2	20.11	HF2807 (O'Driscoll); SF2536 (Pappas)	3A.03, Subd. 3	Legislators Plan	Clarifies that plan can accept transfers from the general fund.
3	20.19	HF2807 (O'Driscoll); SF2536 (Pappas)	16A.14, Subd. 2a	MSRS Deferred Compensation Plan	Adds an exception from the SWIFT allotment and encumbrance system for transactions within MSRS' defined contribution funds, which are administered by MSRS' contracted record keeper.
4	20.26	HF2807 (O'Driscoll); SF2536 (Pappas)	352.03, Subd. 5	MSRS Plans	Revises the qualifications the Board must consider when hiring an executive director; adds references to a deputy director position.
5	21.9	HF2807 (O'Driscoll); SF2536 (Pappas)	352.03, Subd. 6	MSRS Plans	Authorizes the executive director to appoint a deputy director with Board approval.
6	22.30	HF2807 (O'Driscoll); SF2536 (Pappas)	352.23	MSRS- General	Clarifies that repayment of a refund may be made in partial payments during employment or lump sum up to six months after termination.
7	23.18	HF2807 (O'Driscoll); SF2536 (Pappas)	352B.11, Subd. 4	State Patrol Plan	Ties the State Patrol Plan refund repayment provision to the MSRS-General refund repayment provision; repayment to be made in partial payments during employment or lump sum up to six months after termination.
8	23.30	HF2807 (O'Driscoll); SF2536 (Pappas)	352D.05, Subd. 4	MSRS- Unclassified	Ties the MSRS-Unclassified refund repayment provision to the MSRS-General refund repayment provision; repayment to be made in partial payments during employment or lump sum up to six months after termination.
9	24.12	HF2807 (O'Driscoll); SF2536 (Pappas)	490.124, Subd. 12	Judges Plan	Ties the Judges Plan refund repayment provision to the MSRS-General refund repayment provision; repayment to be made in partial payments during employment or lump sum up to six months after termination.



Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
<b>Article 3: Teachers Retirement Association Administrative Provisions</b>					
1	24.30	HF2807 (O'Driscoll); SF2536 (Pappas)	354.05, Subd. 2	TRA	Removes obsolete references to the Duluth school district and MnSCU; clarifies that charter school directors are covered by TRA, except that any charter school directors in PERA as of July 1, 2016, will continue in PERA.
2	26.13	HF2807 (O'Driscoll); SF2536 (Pappas)	354.05, New Subd. 17a	TRA	Adds the definition of "former spouse" to clarify that the phrase used in statute refers to a person no longer married to a member due to divorce, separation, or annulment.
3	26.18	HF2807 (O'Driscoll); SF2536 (Pappas)	354.06, Subd. 2	TRA	Revises the qualifications the Board of Trustees must consider when hiring an executive director.
4	27.2	HF2807 (O'Driscoll); SF2536 (Pappas)	354.06, Subd. 2a	TRA	Authorizes the executive director to designate a deputy executive director with Board approval.
5	28.33	HF2807 (O'Driscoll); SF2536 (Pappas)	354.095	TRA	Extends from one to five years the number of years of authorized medical leave that can be considered allowable service credit if the member makes the required payment; requires the executive director to reject an application for TRA disability benefits if the member is only applying because a long-term disability insurance policy requires the application.
6	29.21	HF2807 (O'Driscoll); SF2536 (Pappas)	354.44, Subd. 9	TRA	Adds a conforming change to reflect the current method of counting service credit, which is now based on portions of a year rather than number of days.
7	29.29	HF2807 (O'Driscoll); SF2536 (Pappas)	354.45, New Subd. 3	TRA	Specifies that if a former spouse dies before the end of a specified payment period of an optional retirement annuity, remaining payments are to be made in accordance with the former spouse's beneficiary form or, if none, to the estate.
8	30.4	HF2807 (O'Driscoll); SF2536 (Pappas)	354.46, Subd. 6	TRA	Clarifies that if a member has multiple designated beneficiaries, each beneficiary has right to apply for an annuity separate from the other beneficiaries.
9	30.16	HF2807 (O'Driscoll); SF2536 (Pappas)	354.48, Subd. 1	TRA	Clarifies that a totally and permanently disabled member is entitled to a disability benefit if the member has not reached normal retirement age; removes obsolete minimum salary requirement.

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
10	30.26	HF2807 (O'Driscoll); SF2536 (Pappas)	354.52, Subd. 4	TRA	Removes the requirement that TRA must wait 60 days after notifying a school district or charter school of delinquent contributions to contact MMB.
11	31.5	HF2807 (O'Driscoll); SF2536 (Pappas)	354.52, Subd. 6	TRA	Removes the fine a school district must pay if it fails to report to TRA the beginning and ending dates for the school work year.
12	31.13	HF2807 (O'Driscoll); SF2536 (Pappas)	423A.02, Subd. 3	TRA, SPTRFA	Removes obsolete reference to the Duluth Teachers Retirement Fund Association in reallocating fire state aid.

### **Article 4: Public Employees Retirement Association Administrative Provisions**

1	32.5	HF2807 (O'Driscoll); SF2536 (Pappas)	353.0162	PERA Defined Benefit Plans	Merges the service credit purchase provision into the salary purchase provision to provide one method for purchasing missed periods of service due to an authorized leave of absence.
2	33.31	HF2807 (O'Driscoll); SF2536 (Pappas)	353.32, Subd. 1	PERA- General	Clarifies that if a member dies before receiving a retirement annuity, any prior disability or survivor benefits paid by the fund must be deducted from the amount refunded to the beneficiary.
3	34.9	HF2807 (O'Driscoll); SF2536 (Pappas)	353.34, Subd. 2	PERA- General	Clarifies that if a member terminates public service and elects to take a refund, any prior disability benefits paid by the fund must be deducted from the refund.
4	34.26	HF2807 (O'Driscoll); SF2536 (Pappas)	353.64, Subd.10	PERA-P&F	Specifies that Hennepin Healthcare Systems Inc. supervisors and managers of paramedics or emergency medical technicians are covered by PERA-P&F if they are full-time and certified as a paramedic or emergency medical technician.
5	35.18	HF2807 (O'Driscoll); SF2536 (Pappas)	Repealer	PERA	Repeals Minn. Stat. 2014 § 353.0161, Subd. 1; and Minn. Stat. 2015 § 353.0161, Subd. 2 and 3, because the language was merged into Minn. Stat. 2015 § 353.0162.

### **Article 5: St. Paul Teachers Retirement Fund Association Administrative Provisions**

1	35.26	HF2807 (O'Driscoll); SF2536 (Pappas)	354A.093, Subd. 4	SPTRFA	Removes obsolete reference to "applicable first class city" and replaces it with "St. Paul" to refer to SPTRFA.
2	36.5	HF2807 (O'Driscoll); SF2536 (Pappas)	354A.093, Subd. 6	SPTRFA	Clarifies the periods during which 8.5% or 8% interest rate applies for service credit purchases after a period of military service.

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
3	36.14	HF2807 (O'Driscoll); SF2536 (Pappas)	354A.096	SPTRFA	Clarifies the periods during which 8.5% or 8% interest rate applies for service credit purchases after a medical leave.
4	37.5	HF2807 (O'Driscoll); SF2536 (Pappas)	354A.038	SPTRFA	Clarifies the periods during which 8.5% or 8% interest rate applies to the repayment of a refund.

### **Article 6: Retirement Systems, Generally, Administrative Provisions**

1	37.30	HF2807 (O'Driscoll); SF2536 (Pappas)	356.30, Subd. 1	All plans except VFRAs	Clarifies that the applicable augmentation rate for a combined service annuity is the rate that applies under the plan in which the annuity was earned; clarifies that a member must terminate all public service before receiving a combined service annuity.
2	39.31	HF2807 (O'Driscoll); SF2536 (Pappas)	356.50, Subd. 2	All plans except VFRAs and TRA	Clarifies the periods during which 8.5% or 8% interest rate applies for service credit purchases related to an award of back pay, for all plans except TRA.
3	40.23	HF2807 (O'Driscoll); SF2536 (Pappas)	356.551, Subd. 2	All plans except VFRAs and TRA	Clarifies the periods for when an 8.5% or 8% interest rate applies for service credit purchases generally, for all plans except TRA.
4	42.1	HF2807 (O'Driscoll); SF2536 (Pappas)	356.635, New Subd. 9a	All plans	Revises and supplements definitions relating to the annual limits on pension benefits payable and additions to defined contribution accounts under the federal Internal Revenue Code and consolidates all definitions into a new subdivision.
5	43.4	HF2807 (O'Driscoll); SF2536 (Pappas)	356.635, Subd. 10	All plans	Clarifies the language regarding the annual limit on pension benefits payable that is applicable to all pension plans, as required by the federal Internal Revenue Code.
6	43.28	HF2807 (O'Driscoll); SF2536 (Pappas)	356.635, New Subd. 11	All plans	Adds a new subdivision setting forth the annual limit on additions to defined contribution accounts that is applicable to all defined contribution plans, as required by the federal Internal Revenue Code.
7	44.4	HF2807 (O'Driscoll); SF2536 (Pappas)	356.635, New Subd. 12	All plans	Adds a new subdivision that incorporates by reference Section 415 of the federal Internal Revenue Code, relating to annual limits on pensions and contributions.

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Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
8	44.14	HF2807 (O'Driscoll); SF2536 (Pappas)	356.635, New Subd. 13	All plans	Adds a new subdivision that authorizes the executive director of each retirement plan to correct operational, document or other errors to preserve the plan's tax qualification, including corrections described in the Internal Revenue Service's Employee Plans Compliance Resolution System.
9	44.29	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 1	All plans except SPTRFA and VFRAs	Revises the definitions relating to the retirement plans' appeal procedures for member claims for benefits; adds a new definition for "petitioner."
10	45.18	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 2	All plans except SPTRFA and VFRAs	Clarifies that a member may appeal a staff decision regarding eligibility, benefits, or other rights to the executive director in writing.
11	45.27	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 3	All plans except SPTRFA and VFRAs	Clarifies the information the executive director must provide to a member in the notice of determination, which must include timing and contents requirements for filing a petition for review.
12	46.24	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 4	All plans except SPTRFA and VFRAs	Clarifies the additional information the executive director must provide to the member in the notice of determination if the member's benefit is being terminated.
13	47.7	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 5	All plans except SPTRFA and VFRAs	Clarifies the process a member must follow to file a timely petition with the plan's governing board for review of the executive director's determination.
14	47.27	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 6	All plans except SPTRFA and VFRAs	Removes obsolete reference to "chief administrative officer" and replaces it with "executive director."
15	48.1	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 7	All plans except SPTRFA and VFRAs	Clarifies that the executive director may direct that a fact-finding conference with an administrative law judge or a vocational assessment is to occur; clarifies the filing and timing requirements for holding a hearing before the applicable plan's governing board.
16	49.7	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 8	All plans except SPTRFA and VFRAs	Specifies the limits on the contents of the record to be delivered to the governing board prior to the hearing.
17	49.33	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 9	All plans except SPTRFA and VFRAs	Removes obsolete reference to "chief administrative officer" and replaces it with "executive director".

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
18	50.9	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 10	All plans except SPTRFA and VFRAs	Clarifies the requirements for conducting a hearing before the applicable plan's governing board, for participation by representatives of the member and the plan, and regarding the content and timing of a decision by the governing board.
19	51.12	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 11	All plans except SPTRFA and VFRAs	Simplifies the requirements and provides the governing board with more discretion in determining disability medical issues.
20	51.32	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 12	All plans except SPTRFA and VFRAs	Simplifies cross-references to the statute governing the conduct of an administrative fact-finding conference.
21	52.10	HF2807 (O'Driscoll); SF2536 (Pappas)	356.96, Subd. 13	All plans except SPTRFA and VFRAs	Clarifies the deadline for appealing the decision of a governing board to the state Court of Appeals.
22	52.19	HF2807 (O'Driscoll); SF2536 (Pappas)	Repealer	All plans except SPTRFA and VFRAs	Repeals Minn. Stat. 2014 §§ 356.611, Subd. 3, 3a, 4, and 5; and 356.96 Subd. 14 and 15, because they are obsolete or have been merged into other subdivisions.

### **Article 7: Actuarial Assumption Changes**

1	52.25	HF2807 (O'Driscoll); SF2536 (Pappas)	356.215, Subd. 8	MSRS, PERA, TRA, SPTRFA	Sets single 8% interest rate assumption for TRA, revises salary increase assumption calculation for SPTRFA, reduces salary increase assumptions for MSRS, PERA and TRA, and reduces payroll growth assumption for TRA.
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### **Article 8: Volunteer Firefighter Relief Association Modifications**

1	57.34	Senate State & Local Amend. S0588-4A	353G.02, Subd. 6	PERA Statewide Volunteer Fire Plan	Eliminates the requirement that the next nine relief associations to join the monthly benefit division reimburse the Spring Lake Park-Blaine-Moundsview Fire Department for administrative expenses in excess of \$33,600.
2	58.18	HF3137 (O'Driscoll); SF2473 (Rosen/Pappas)	New Section 424A.003	VFRAs	Adds a new requirement that the fire chief annually certify each volunteer firefighter's service credit to the associated relief association and municipality and provide notice to the firefighter; gives the firefighter a right to challenge the fire chief's determination.
3	59.17	HF3137 (O'Driscoll); SF2473 (Rosen/Pappas)	424A.01, New Subd. 4a	VFRAs	Restricts firefighters from receiving relief association service credit for the same hours for which a PERA plan has already provided coverage.

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
4	59.25	HF3137 (O'Driscoll); SF2473 (Rosen/Pappas)	424A.01, New Subd. 5a	VFRAs	Expands relief association membership eligibility to volunteer emergency medical personnel if the associated relief association's bylaws and municipal entity authorizes the eligibility.
5	60.12	HF3137 (O'Driscoll); SF2473 (Rosen/Pappas)	424A.015, New Subd. 7	VFRAs	Adds defined contribution relief associations to the provisions for combined service pensions and moves the combined service pensions provision from the section for defined benefit relief associations to the section that applies to both defined benefit and defined contribution relief associations.
6	61.4	HF2785 (Loon); SF2536 (Hann), and Commission Amend. H2807-4A	424A.02, Subd. 3	VFRAs	Increases the maximum lump-sum service pension amount per year of credited service for defined benefit relief associations.
7	69.18	HF3137 (O'Driscoll); SF2473 (Rosen/Pappas)	424B.20, Subd. 4	VFRAs	Provides default procedures for allocating special fund assets after a joint powers fire department dissolves and the joint powers agreement is silent on asset allocation.
8	70.31	HF2785 (Loon); SF2536 (Hann)	Special law provision	Eden Prairie VFRA	Lowers the vesting period requirement for the Eden Prairie relief association for retired firefighters returning to active service.
9	71.16	HF3494 (Anzelc); SF3158 (Saxhaug)	Special law provision	Coleraine and Bovey VFRAs	Moves the effective date for the consolidation of the Coleraine and Bovey volunteer firefighters relief associations from January 1, 2017, to September 1, 2016; requires the new relief association to report the number of firefighters to the Dept. of Revenue and the State Auditor.
10	71.30	HF3137 (O'Driscoll); SF2473 (Rosen/Pappas)	Repealer	VFRAs	Repeals Minn. Stat. 2014 § 424A.02, Subd. 13, because the language was moved to the newly created Subdivision 7 in Minn. Stat. 2015 § 424A.015.

### **Article 9: MSRS-Administered Retirement Plan Modifications**

1	72.3	HF659 (O'Driscoll); SF588 (Pappas)	352.113, Subd. 2	MSRS- General	Adds a reference to the deadline set forth in Sec. 352.113, Subd. 4, Para. (g) for submitting an application for total and permanent disability benefits, which is 18 months after termination of employment.
2	72.13	HF659 (O'Driscoll); SF588 (Pappas)	352.113, Subd. 4	MSRS- General	Extends the disability benefit application deadline by an additional 18 months if a member's cognitive impairment prevents the member from meeting the initial 18-month application deadline; clarifies language relating to the application deadline.

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
<b>Article 10: PERA-Administered Retirement Plan Modifications</b>					
1	74.2	Commission Amend. H2807-5A, drawn from HF2810 (Howe); SF2743 (Pappas)	353.01, Subd. 43	PERA-P&F	Amends the definition of "line of duty death" to add a second definition, which is a death as determined by the Commissioner of Public Safety to meet the definition of "killed in the line of duty" in Sec. 299A.41, Subd. 3, thereby incorporating the amended definition which includes death from heart attack, stroke, or vascular rupture that occurs while performing dangerous police and fire duties or within 24 hours of performing such duties.
<b>Article 11: Generally Applicable Retirement Changes</b>					
1	74.14	HF3136 (Thissen); SF2853 (Pappas)	356.24, Subd. 1	Supplemental Plans	Increases the maximum employer contribution from \$5,000 to \$7,000 per year per employee to the laborers national industrial pension plan, under an exception to the prohibition on supplemental pension or deferred compensation plans.
2	76.22	HF3805 (O'Driscoll); SFxxxx	New 356.631	All	Allows plans to accept additional sources of payments, including gifts, donations, bequests, and life insurance death benefits.
3	76.32	HF3805 (O'Driscoll); SFxxxx	Repealer	MSRS, PERA	Repeals Minn. Stat. 2014 §§ 352.04, Subd. 11, and 353.34, Subd. 6, the plan-specific additional funding sources provisions, because they are duplicative.
<b>Article 12: Small Group Retirement Changes</b>					
1	77.4	HF3347 (Metsa); SF3011 (Tomassoni)	Special law provision	MSRS-General	Permits a group of 22 MnDOT employees to purchase up to three months in 1989 of service credit to gain Rule of 90 eligibility; evidence presented that MSRS had assumed an incorrect hire date and informed the employees that they were Rule of 90 eligible.
2	79.10	HF3351 (Theis); SF2890 (Pederson)	Special law provision	PERA, MnSCU-IRAP	Allows an employee of St. Cloud State Univ. to purchase service credit in PERA for five years of erroneous MnSCU-IRAP coverage.
3	80.24	HF3422 (Knoblach); SFxxxx	Special law provision	TRA, MnSCU-IRAP	Allows an employee of St. Cloud State Univ. to elect retroactive and prospective TRA coverage rather than MnSCU-IRAP coverage to correct a MnSCU error.
4	82.14	HF3718 (Metsa); SF3366 (Tomassoni)	Special law provision	TRA, MnSCU-IRAP	Allows two employees of Mesabi Range Community and Technical College to elect retroactive and prospective TRA coverage rather than MnSCU-IRAP coverage to correct a MnSCU error.

## Section-by-Section Summary of S.F. 588, the First Engrossment

Sec.	Pg.Ln	Source Bill(s)	Stat. Provision	Retirement Plan	Summary
<b>Article 13: Technical Corrections</b>					
1	84.4	Senate State & Local Amend. S0588-3A	353.01, Subd. 16	PERA	Removes obsolete references to a provision that is repealed in Article 4, Section 1.
2	86.32	Senate State & Local Amend. S0588-3A	353.012	PERA	Removes obsolete references to provisions that are repealed in Article 4, Section 1.
3	87.7	Senate State & Local Amend. S0588-3A	353.32, Subd. 4	PERA	Removes obsolete references to a provision that is repealed in Article 11.
4	87.16	Commission Amend. H2807-2A	354A.011, Subd. 29	1st Class City Teacher Plans	Removes obsolete references to the Duluth Teachers Retirement Fund Association and makes other conforming changes.
5	88.1	Commission Amend. H2807-2A	354A.095	1st Class City Teacher Plans	Removes obsolete reference to the Duluth Teachers Retirement Fund Assoc.
6	88.15	Commission Amend. H2807-2A	354A.35, Subd. 2	1st Class City Teacher Plans	Removes obsolete reference to the Duluth Teachers Retirement Fund Assoc.
7	87.16	Commission Amend. H2807-2A	Repealer	1st Class City Teacher Plans	Repeals obsolete provisions for the Duluth Teachers Retirement Fund Assoc.