State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

TO: Legislative Commission on Pensions & Retirement

FROM: Jim Heidelberg, Asst. Exec. Sec.

RE: Summaries of Legislation Enacted in 1984

DATE: May, 1984

I. Provisions Applicable to All Public Employee Plan Members or All Public Employee Plan Retirees

A. Two-Percent Contributions Refund

1. Member Provisions
Laws 1984, Chapter 564 (SF 147)

Section 45 provides

a) that each public employee who has not previously received a refund of the 2 percent additional employee contribution made in 1983, will be reimbursed by his or her pension fund, and

b) that the reimbursement will be made in lump-sum form between October 1 and October 15, 1984, without interest; and

c) that the retirement board of each system may decide whether members must apply for the reimbursement.

Section 46 provides for a general fund appropriation necessary to cover the reimbursement to the MSRS Unclassified plan employees

2. Fund Provisions

a) Laws 1984, Chapter 654 (HF 2317)

These provisions are from HF 2317, the supplemental appropriations bill. They are not Commission provisions.

Section 144 provides that those local police and salaried firefighter funds that have not transferred the 4 percent employer contributions to the general fund (required by the 1982 Special Session law) do not have to pay them.

Section 145 allocates the remaining $8.48 million that was originally intended to reimburse pension funds for lost interest income due to the 1982 Third Special Session 4 percent provision. It allocates (a) money to pay back those local police and salaried firefighter funds that paid their 4 percent moneys to the general fund, (b) $6.163 to TRA and the first class city teacher funds on the basis of payroll, and (c) $2 million to be sent back to the general fund.

b) Laws 1984, Chapter 564

Section 51 repeals Laws 1983, Chapter 301, Section 225, subdivision 2, which required the state to annually reimburse each pension fund the amount each fund paid out to retiring or terminating members to reimburse them for the 2 percent additional contributions.

B. Change in Pension Income Exclusions For State Income Tax

Laws 1984, Chapter 502 (HF 2016)

The bill is the omnibus tax bill and was not a Commission bill.

Article II, Section 7 provides the taxpayer an option for reporting pension income. A person receiving an annuity - Federal or State plan annuity - may choose the current method which provides up to an $11,000 exclusion reduced by the amount the person's Federal Adjusted Gross Income (FAGI) exceeds $17,000. Beginning with the tax year 1985 the person receiving an annuity may claim up to $11,000 exclusion reduced by the sum of Federal Railroad Retirement, Social Security and FAGI in excess of $23,000. For a retiree with no Social Security, the effect of the new option is to raise the amount a retiree may earn before he or she can no longer claim any pension exclusion. The FAGI amount at which the exclusion runs out is raised from $28,000 to $34,000.

C. Pension Income Subject to Court Orders for Child-Support

Laws 1984, Chapter 547 (SF 1492)

The Commission approved the provisions in concept. The actual bill, SF 1492, was not a Commission bill.

Sections 1 and 4 through 15 amend the various pension laws to conform with the child support law which requires that all income, of which receipt of pension moneys is one source, is included in determination of child support and subject to a court order for child support. The changes affect the sections of the various pension laws dealing with nonassignability of retirement benefits and exemption from judicial process.

II. Provisions Applicable to the Commission

Laws 1984, Chapter 564

Section 1 provides that the Commission, by June 30, 1985, adopt rules specifying detailed methods for calculating, evaluating, and displaying current liabilities, proposed law liabilities and actuarial equivalents of the public pension plans. The rules are intended to specify how current law and future proposals for plan changes are to be calculated. The section appropriates $75,000 in fiscal year 1985 for the purpose, and $25,000 each year thereafter for the rules development.

Section 2 requires the Commission to do the following:

1) contract with an "established actuarial consulting firm" to perform valuations, cash flow forecasts, and cost analyses of proposed legislation;

2) contract with an "established actuarial consulting firm" every fourth year to perform the statutorially required quadrennial experience studies;

3) report annually to the legislature a summary of the results of the valuations and cash flow projections with recommendations concerning the appropriateness of the funds' support rates (total contributions), and

4) report to the legislature two months after the quadrennial experience studies are completed concerning the appropriateness of the valuation assumptions.

The section appropriates $400,000 annually for the actuarial services and an additional $100,000 every fourth year for the experience studies.

The consulting firm will perform annual valuations and finance adequacy studies and will perform cost analyses of legislative proposals for all funds currently listed in Chapter 356, except the local police and fire funds.

The provision means that valuations and legislative proposals for benefit and funding policy changes will be performed by the Commission, not by the funds.

III. General Provisions Applicable to the Statewide Funds

A. IRS Required Language
Laws 1984, Chapter 574

Section 12 inserts IRS required language concerning the calculation of employee benefit maximums into the general pension law governing public employee plans. The language is required to make Chapter 356 conform with IRS limitations on employee benefits.

B. Financial Reports and Actuarial Valuations

Laws 1984, Chapter 564

Section 42 specifies that the annual financial reports required of the funds exhibit actuarial information computed according to rules (guidelines) set forth by the Commission.

Section 43 specifies that the annual valuations are to be performed in accordance with rules (guidelines) set forth by the Commission. The section also makes the following changes:

1) pre-retirement interest assumption is raised from 5.0 percent to 8.0 percent, a post retirement interest assumption remains at 5.0 percent, and the salary assumption is raised from 3.5 percent to 6.5 percent for all funds except MERF, the local police and fire funds, and the volunteer fire funds;

2) the unfunded liability is to be amortized on a level percent of payroll by all funds except MERF, the local police and fire funds, and volunteer fire funds;

3) MERF, local police and fire funds and volunteer fire funds are treated differently in that they retain the 5 percent interest assumption and the 3.5 percent salary assumption, and they retain the current level dollar amortization method;

4) other actuarial assumptions such as mortality and retirement age are to be set by all funds at levels "consistent with" the findings of the most recent experience study;

5) for all funds the actuarial balance sheet showing accrued assets, accrued liabilities, and unfunded accrued liability is replaced by an expanded actuarial listing of current and expected future (a) benefit obligations, (b) assets, and (c) unfunded liabilities;

6) current assets are defined to reflect one-third of any unrealized capital gains or losses, in addition to cost plus realized income and realized gains or losses.

The expanded actuarial listing is called a balance sheet in the language of the section, but it is not. The listing is a slightly altered balance sheet with the last item showing to what extent contributions are above or below the required levels.

Laws 1984, Chapter 383

This bill is the State Board of Investment bill and was not heard by the Commission.

Section 5 repeals 356.20, subdivision 5, and the deferred yield adjustment accounts.

Section 4 requires that any unamortized balances in the deferred yield adjustment accounts shall be offset against income during fiscal 1984.

IV. Provisions Applicable to MSRS

A. General Plan Provisions

1. Laws 1984, Chapter 564

Sections 42 and 43 make changes in the contents of the financial reports and actuarial valuations that MSRS is required to file annually. The changes include revised actuarial assumptions and amortization method. See the discussion in III b above.

Section 4 updates the statutes to reflect the employee contribution of 3.73 percent of salary that has been in effect since January 1983.

Section 5 changes the employer contribution rate from the present 3.73 percent (Minnesota Statutes 1982 language does not contain the 3.73 percent figure that has been in effect since January 1983) to 3.90 percent of salary beginning with the first full pay period after June 30, 1984, and eliminates reference to the employer additional contribution.

Sections 6, 7 and 9 eliminates waiting periods before annuities become effective. Section 6 eliminates the 90 day waiting period for disabilitant applicants; Section 7, the 30-day period for optional disability annuities; and Section 9, the 30-day period for optional retirement annuities.

Section 8 allows members to retire with a reduced annuity at 55 years of age with 10 years service or at any age with 30 years service. Current law allows reduced benefit at age 58 with 20 years or at age 62 with 10 years.

Section 10, 12 provide 5 percent annual interest on refunds. Section 10 provides 5 percent interest on refunds of employee contributions due to the death of an active member. Section 12 provides 5 percent interest on refunds of employee contributions upon termination.

Section 11 provides a 100 percent joint and survivor benefit to the spouse of an active member who dies after meeting the age and service requirements for a retirement annuity. The age and service requirements are changed from age 58 with 20 years or age 62 with 10 years to age 55 with 10 years or at any age with 30 years.

Section 44 provides an unreduced benefit to members at least age 55 whose age and service years total at least 85. The section also requires reporting units to furnish the fund with information concerning the net savings, if any, made possible by members retiring under the Rule of 85. The retirement fund is required to prepare a report to the legislature for year ending 1984, 1985, 1986 concerning the characteristics of those who retire under the Rule.

Section 51 repeals Minnesota Statutes, Section 352.022, which stated that no provisions of the various MSRS laws create or give any contract rights to any members.

2. Laws 1984, Chapter 574 (HF 1427)

Sections 5, 6, 29 and 7 remove the various waiting periods for annuities, disability annuities, and optional disability annuities as in Sections 6, 7 and 9 in Chapter 564.

B. Correctional Plan Provisions

1. Laws 1984, Chapter 564

Section 13 sets the employee contribution rate at 4.90 percent of salary and the employer contribution rate at 8.70 percent of salary. The section also eliminates reference to the employer additional contributions.

Section 14 provides a benefit increase by raising from 2.0 to 2.5 percent the formula percentage for service years 21 to 25. (Current law provides 2.5 percent for each of the first 20 years and 2.0 thereafter.)

Section 16 eliminates the 30 day waiting period before an optional disability benefit begins to accrue.

Section 51 repeals Minnesota Statutes, Section 352.022, which stated that no provisions of the various MSRS laws create or give any contract rights to any members.

2. Laws 1984, Chapter 574

Section 9 removes the 30-day waiting period before an optional disability benefit begins to accrue; also in Section 16 of Chapter 564.

C. Highway Patrol Plan Provisions

1. Laws 1984, Chapter 564

Section 17 raises the employer contribution rate from 12 percent to 18.9 percent of payroll and eliminates the 9.0 percent and any reference to the employer additional contribution.

Sections 18 and 19 provide 5 percent annual interest on refunds of employee contributions due to termination or due to the death of an active member.

Section 51 repeals Minnesota Statutes, Section 352.022, which stated that no provisions of the various MSRS laws create or give any contract rights to any members.

D. Constitutional Officers Plan

Laws 1984, Chapter 564

Section 20 provides 5 percent annual interest on refunds of employee contributions upon termination.

Section 51 repeals Minnesota Statutes, Section 352.022, which stated that no provisions of the various MSRS laws create or give any contract rights to any members.

E. Unclassified Employees Plan

1. Laws 1984, Chapter 564

Section 51 repeals Minnesota Statutes, Section 352.022, which stated that no provisions of the various MSRS laws create or give any contract rights to any members.

2. Laws 1984, Chapter 574

Section 8 allows legislative employees with prior state service to transfer employee and matching employer contributions into the Unclassified Plan.

F. Judges Plan

Laws 1984, Chapter 574

Section 16 reduces the early retirement reduction factor from 6 2/3 percent per year to 6 percent per year. The reduction factor is calculated on a monthly basis, so that the 6 percent per year is one-half percent per month.

Section 17 corrects the calculation of judges' survivors benefits. Current language requires the benefit to equal 60 percent of the judges' normal annuity less 75 percent of any social security received. The revised formula sets the benefit equal to 60 percent of the difference between the judges' normal annuity and 75 percent of any social security received. The change is equivalent to an increase equal to 30 percent of any social security received.

G. Legislators Plan and Legislators' Retirement

1. Laws 1984, Chapter 564

   Section 3 provides 5 percent annual interest on refunds of employee contributions upon termination.

2. Laws 1984, Chapter 574

   Section 1 provides that legislators private employee benefits cannot be reduced due to legislative service.

V. Provisions Applicable to TRA

A. Laws 1984, Chapter 564

Sections 42 and 43 make changes in the contents of the financial reports and actuarial valuations that TRA is required to file annually. The changes include revised actuarial assumptions and amortization method. See the discussion in III b above.

Section 29 raises the employer additional contribution from 3.05 percent of salary to 4.48 percent of salary effective July 1, 1984.

Section 30 makes a language change to eliminate a gender reference. This section also contains a revisor's error that changes age 60 to age 65 as the basis for computing a reduction factor of one-fourth of one percent per month (three percent per year). The change is clearly a session ending revisor's error because the error makes the sentence internally inconsistent.

Section 31 provides a survivor benefit increase to Basic plan members. The surviving spouse benefit is raised from 30 percent to 50 percent of the member's monthly average salary, the maximum monthly family benefit is raised from $700 to $1,000, and the minimum monthly family benefit is raised from 30 percent to 50 percent of the member's monthly average salary. The increases are the same as for PERA Basic members.

Section 32 changes the eligibility requirements for the death while eligible benefit from age 55 with 20 years service to age 55 with 10 years service, and retains the 30 years service at any age requirement.

Section 33, 36, and 37 provide 5 percent annual interest on refunds of employee contributions upon termination or upon death of an active member.

Sections 34 and 35 eliminate waiting periods before annuities become effective. Section 34 removes the 90 day waiting period before a disability annuity begins to accrue; Section 35 removes the 30 day waiting period before an optional disability annuity becomes effective.

Section 44 provides an unreduced retirement benefit to members age 55 or older whose age and service years total at least 85. The section also requires employing units to provide the fund with information concerning the net savings, if any, made possible by members retiring under the Rule of 85. The retirement fund is required to report to the Legislature for year ending 1984, 1985, and 1986 a summary of the characteristics of those who retire under the special provision.

Sections 49 and 50 make appropriations sufficient to cover the higher employer additional contributions required in Section 29.

Section 51 repeals Minnesota Statutes, Section 354.07, subdivision 8, which stated that no provisions of the TRA law create or give any contract rights to any members.

B. Laws 1984, Chapter 574

Sections 11 and 35 reinstate for those members still in the variable annuity plan the policy that one-half of the employee and employer contributions go to the variable annuity and one-half go to the formula plan. When the contribution rates were raised in 1979 all the increase was applied to the formula plan. These sections correct the imbalance and also require a retroactive transfer into each individual's variable annuity account for the period 1979 to 1983.

C. Laws 1984, Chapter 463 (HF 1393)

These provisions are from the school aids bill and are not Commission provisions.

<u>Section 15</u> ends the state subsidy of the early retirement incentive program as of June 30, 1985. The state will not reimburse a district for applications submitted after June 30, 1984.

<u>Section 48</u> prohibits a teacher from receiving the early retirement incentive and retiring with the Rule of 85 unreduced benefit. The teacher must make his or her decision by July 15, 1984.

VI. Provisions Applicable to PERA

A. General Plan Provisions

1. Laws 1984, Chapter 564

Sections 42 and 43 make changes in the contents of the financial reports and actuarial valuations that PERA is required to file annually. The changes include revised actuarial assumptions and amortization method. See the discussion in III b above.

Section 21 decreases the employer additional contribution to be paid into the Coordinated plan from 1.5 percent of payroll to 0.25 percent of payroll. (Governmental units subject to levy limitations that realize savings from the contribution reduction will have their levy limit base reduced so that the reduction in contributions becomes property tax relief. See 3a under Chapter 502 below. Homestead credit payments made to school districts, which have PERA members, will be reduced so that school districts also receive property tax relief due to the contribution reductions. See 3b under Chapter 463 below.)

Section 22 allows members to retire with a reduced annuity at 55 years of age with 10 years service or at any age with 30 years service. Current law allows a reduced benefit at age 58 with 20 years or at age 62 with 10 years.

Section 23 provides a survivor benefit increase to Basic plan members. The surviving spouse benefit is raised from 30 percent to 50 percent of the member's monthly average salary, the maximum monthly family benefit is raised from $700 to $1,000, and the minimum monthly family benefit is raised from 30 percent to 50 percent of the member's monthly average salary. The increases are the same as for TRA Basic members.

Sections 24 and 27 provide 5 percent annual interest on refunds of employee contributions upon termination or upon death of an active member.

Section 25 provides a 100 percent joint and survivor benefit to the spouse of an active member who dies after meeting the age and service requirements for a retirement annuity. The age and service requirements are changed from age 58 with 20 years service of age 62 with 10 years service to age 55 with 10 years service or at any age with 30 years service.

Section 26 eliminates the 90 day waiting period before a disability annuity becomes effective.

Section 44 provides an unreduced retirement benefit to members age 55 or older whose age and service years total at least 85. The section also requires employing units to provide the fund with information concerning the net savings, if any, made possible by members retiring under the Rule of 85. The retirement fund is required to report to the Legislature for year ending 1984, 1985 and 1986 a summary of the characteristics of those who retire under the special provision.

Section 51 repeals Minnesota Statutes, Section 353.38, which stated that no provisions of the PERA law create or give any contract rights to any members.

2. Laws 1984, Chapter 574

Section 10 adds language to the PERA law to provide a deferred annuity to members with 5 years service who are employed by a public hospital which is taken over by a private organization. The section provides at least partial annuity to members who can no longer participate in PERA due to their employment by a private organization.

Section 31 allows an employee of Owatonna City Hospital who was employed at the time the hospital was taken over by a private corporation to receive a refund of his or her employee and employer contributions plus interest at 6 percent per year. Those with 5 years service can elect a deferred annuity, and those who already received a refund of their employee contributions can repay the refund and elect a deferred annuity.

Section 32 allows a St. Paul Bureau of Health employee who exercised an option to retire under the health bureau plan to revoke the option and choose to have retirement benefits calculated under the Basic plan.

3. Property Tax Relief As a Result of Contribution Rate Reductions

a. Laws 1984, Chapter 502 (HF 2016)

Section 35 provides, as a result of the reduction in employer additional contributions to the PERA Coordinated plan, property tax relief to those governmental units that are subject to levy limitations. Those units have their levy limit base permanently reduced beginning in fiscal year 1985, which begins July 1, 1984.

b. Laws 1984, Chapter 463

Section 11 provides property tax relief to school districts equal to the reduction in employer additional contributions into the PERA Coordinated fund. Non-teacher employees of school districts are members of PERA. The section calls for reductions in homestead credit payments made by the state to the school district.

(These provisions are from the tax bill. While they are not Commission provisions, these sections were contained in HF 2262, otherwise known as the Department of Finance bill, which was extensively discussed by the Commission.)

B. PERA Police and Fire Provisions

1. Laws 1984, Chapter 564

Sections 42 and 43 make changes in the contents of the financial reports and actuarial valuations that PERA P&F is required to file annually. The changes include revised actuarial assumptions and amortization method. See the discussion in III b above.

Section 28 provides a benefit increase for PERA-P&F members by raising the formula for service years 21 to 25 from 2.0 percent to 2.5 percent. The formula provides 2.0 percent for each year after 25.

2. Laws 1984, Chapter 564

Section 27 provides employees of Ramsey County sheriff's department another opportunity to transfer pre-1970 service credit into PERA-P&F. Several employees were not notified in 1970 that when their service credit was transferred to PERA-P&F they could have pre-1970 credit also transferred. The section provides the same payment arrangement as in 1970 which equalled paying all additional contributions as if the member had been in PERA-P&F and paying 6 percent per year interest.

Section 51 repeals Minnesota Statutes, Section 353.38, which stated that no provisions of the PERA law create or give any contract rights to any members.

VII. Provisions Applicable to First Class City Funds

A. Provisions Applicable to MERF

Laws 1984, Chapter 564

Sections 42 and 43 make changes in the contents of the financial reports and actuarial valuations that MERF is required to file annually. Unlike the other major funds, MERF does not have revised interest and salary assumptions nor must MERF adopt the level percent of payroll amortization method.

Laws 1984, Chapter 574

Section 13 allows disability annuity payments to begin three months rather than five months after the date of application. This change is not really a benefit increase because all disability allowances are retroactive to the date of application. The change means that the disabilitant begins receiving payments earlier.

B. Provisions Applicable to First Class City Teacher Funds

Laws 1984, Chapter 564

Sections 42 and 43 make changes in the contents of the financial reports and actuarial valuations that the teacher funds are required to file annually. The changes include revised actuarial assumptions and amortization method. See the discussion in III b above.

Sections 39, 40, and 41 provide 5 percent annual interest on refunds to Basic and Coordinated plan members who terminate.

Section 44 provides an unreduced benefit to members of the Basic and Coordinated plans who are at least age 55 and whose age and service years total at least 85. The section also requires reporting unit to furnish the fund with information concerning the net savings, if any, made possible by members retiring under the Rule of 85. The retirement fund is required to prepare a report to the legislature for year ending 1984, 1985, and 1986 concerning the characteristics of those who retire under the Rule.

Laws 1984, Chapter 463 (HF 1393)

These sections are not Commission provisions, but are part of the education aids bill.

Section 15 ends the state subsidy of the early retirement incentive program as of June 30, 1985. The state will not reimburse a district for applications submitted after June 30, 1984.

Section 48 prohibits a teacher from receiving the early retirement incentive and retiring with the Rule of 85 unreduced benefit. The teacher must make his or her decision by July 15, 1984.

Laws 1984, Chapter 574

Section 34 allows the Minneapolis Teachers fund to increase from 0.5 percent to 1.0 percent of the fund's assets for use in distributing an annual post retirement adjustment to eligible retirees. The section gives the board discretion to reduce from 5 years to 3 years the length of time a retiree must be retired in order to be eligible for the adjustment, which is paid as a thirteenth check.

Section 36 repeals the Minneapolis Teachers fund authority to allow members to purchase military service credit.

VIII. General Law Provisions Applicable to Local Police and Salaried Firefighter Relief Associations

A. Laws 1984, Chapter 564

Section 48 provides $1 million more each year of special state amortization aid to be paid to those local police and salaried firefighter relief associations phased out in 1980. The present $6.5 million is distributed according to financing needs indicated by 1978 actuarial valuations. The additional $1 million will be distributed to each of the eligible associations based on the portion its unfunded liability is to the total of the unfunded liabilities of the group. The calculations will be made each year based on a new set of valuations, which the local associations are required to perform annually. The additional aid will not go toward financing the associations ahead of the 2010 full funding date. The additional aid will represent tax relief for the various municipalities in that the aid will reduce the amount of municipal support the cities must contribute to their associations, as calculated each year by the associations according to Minnesota Statutes, Section 69.77.

Section 42 and 43 make changes in the contents of the financial reports and actuarial valuations that the relief associations are required to prepare and submit annually. Unlike the major funds, the local police and fire funds do not have revised interest and salary assumptions nor must they adopt the level percent of payroll amortization method.

B. Laws 1984, Chapter 574

Section 2 allows the relief associations to invest up to 75 percent of their assets in mutual funds if the investments of the mutual funds comply with the type of securities authorized by section 11A.24, subdivisions 2 to 5. Section 11A.24 outlines the legal list of investments governing the State Board of Investment and the local relief associations generally.

Section 14 provides a pro-rata benefit to a member of a salaried firefighters' relief association with 10 or more years of service who is laid off and replaced with a volunteer firefighter. The benefit begins at the later of the minimum age for retirement or on the date the member would have accrued the minimum years of service for retirement. The benefit is calculated as a portion actual years of service is to the minimum number of years for retirement benefit.

Section 15 changes the length of marriage requirement for firefighters' survivor benefits from three years to one year. The provision applies to relief associations in cities of the second class. The change in the definition of "surviving spouse" applies to the length of time the member must have been married prior to retirement in order to be eligible for the benefit. (Sections 22,23,24, and 33 make similar changes in special laws of relief associations in cities of the third class.)

C. Laws 1984, Chapter 592 (HF 1678)

This bill covers the Department of Commerce and is not a Commission bill. It makes necessary changes in Chapter 69 to correspond to the reorganization of the Department of Insurance carried out by the Department of Administration in 1983. The revenue collecting and aid dispersal portions of the Statistical Tax Audit Section of the Department of Insurance, which formerly administered the police and fire state aid programs, was transferred to the Department of Revenue. The regulatory portions of the Tax Audit Section remains in Commerce. The changes in Chapter 69 affect the police and fire state aid programs.

Section 65 changes reference from Commissioner of Insurance to Commissioner of Revenue as the agency which sends out state aid forms to the various insurance companies.

Section 66 specifies that the insurance companies shall file their premium reports with the commissioners of commerce and revenue. (Premium refers to the gross premium tax on insurance policies, portions of which are dedicated to police and fire state aid.)

Section 67 changes references from the Commissioner of Insurance to Commissioner of Commerce.

Section 68 adds a subdivision giving the Commissioner of Revenue powers to administer penalties upon insurance companies which file inaccurate reports.

Sections 69 and 70 change references from Commissioner of Insurance to Commissioner of Revenue.

Section 94 repeals Minnesota Statutes, Section 69.031, Subdivision 6, which specified the administration and personnel of the statistical-audit section of the insurance division.

IX Special Law Provisions Applicable to Local Police and Salaried Firefighters' Relief Associations

Laws 1984, Chapter 574

Sections 22,23,24, and 33 change the length of marriage requirement for firefighters' survivor benefits from three years to one year for Faribault, Albert Lea, Red Wing, and West St. Paul.

Sections 18 and 20 provide a service pension increase and a survivors benefit increase for the Buhl Police Relief Association.

Section 21 provides a $10 per month increase to retirees and surviving spouses of the Eveleth Police and Firefighters' Trust Fund.

Section 25 removes obsolete language from the St. Cloud Police Fund law. The language has been superceded by amendments to Minnesota Statutes, Section 69.80.

Section 26 provides an annual post retirement adjustment for the Crookston police relief association. Crookston police is the only police relief association without a post retirement adjustment. The Crookston City Council did not approve the increase in 1980. The adjustment will be made for retirees beginning at age 55 and will equal the increase in salary of an active top-grade officer, but will be capped at 3.5 percent.

X. General and Special Laws Applicable to Volunteer Firefigher's Relief Associations

Laws 1984, Chapter 574

Section 3 allows the relief associations to invest up to 75 percent of their assets in mutual funds if the investments of the mutual funds comply with the type of securities authorized by section 11A.24, subdivision 2 to 5, which outline the legal list of investments governing the State Board of Investment.

Section 36 repeals the Anoka Volunteer Firefighters special laws. The repeal means that the Anoka relief association is now governed only by the general law provisions of Chapter 424A. The repeal removed from Anoka explicit authority to provide retirement benefits based on partial years not on full service years. That authority was contained in Laws 1971, Chapter 184.

XI. Miscellaneous Provisions Including Purchase of Prior Service Credit

A. Laws 1984, Chapter 574

Section 4 permits members of the state university teachers supplemental retirement fund to withdraw their moneys at age 60 rather than at age 65. The fund benefits are supplemental to the benefits of the Faculty Retirement Plan and Social Security. The plan is closed to new members. Before the change a person who terminated or a person who was retired could not withdraw his or her moneys until age 65.

B. Purchase of Prior Service Credit

Laws 1984, Chapter 574

Section 28 allows a former legislative employee to purchase prior service credit from MSRS for time employed by the Senate. The full actuarial value is the cost of the purchase.

Section 30 allows a PERA member to purchase prior service credit for a period of time employed by the St. Paul Bureau of Health. The full actuarial value is the cost of the purchase. Authority for the purchase expires July 1, 1983.

Section 19 allows a former St. Louis Park police officer who had less than 10 years service credit before leaving the police force and who has 6 years subsequent service in another capacity with the city to qualify for a 10 year service benefit with the police relief association. The individual must pay an amount equal to the employee contributions he would have paid had he continued employment until completing 10 years plus 6 percent annual interest. The city shall pay the employer contribution.