



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Ed Burek, Deputy Director *EB*
RE: Summary of 2008 Legislative Session Pension Legislation
DATE: July 1, 2008

This memo summarizes the 2008 Legislative Session pension provisions. Nearly all of the pension provisions passed in the Omnibus Retirement Bill, H.F. 3082 (Murphy, M.), enacted as Laws 2008, Chapter 349, but a few pension-related provisions appeared Revisor's bills or in other substantive bills.

The first major section, Fund-Specific Legislation, summarizes all pension-related legislation for individual plans and for plans of a specific category, such as the first class city teacher plans, local police and paid fire plans, or volunteer fire plans. The second major section, General Pension Provisions, summarizes pension legislation applying to all public plans or to miscellaneous plan groupings. The third major section, Miscellaneous Provisions, mentions legislation which is not related directly to pension plan law but which is of interest to Legislative Commission on Pensions and Retirement members and public sector retirees.

I. FUND-SPECIFIC LEGISLATION

A. Minnesota State Retirement System (MSRS)

General State Employees Retirement Plan (MSRS-General)

1. Conforming Revision: Death While Active or Deferred Surviving Spouse Benefit Provision. Consistent with the revised M.S., Sec. 356.46, making joint-and-survivor optional annuities mandatory unless waived by the spouse, the MSRS-General death while active or deferred surviving spouse benefit provision (M.S., Sec. 352.12, Subd. 2) is revised to require spousal consent for any employee request that a survivor benefit be paid to a designated beneficiary other than the spouse. *Laws 2008, Ch. 349, Art. 4, Sec. 1. Source: H.F. 2451 (Nelson); S.F. 2266 (Wergin)*
2. Coverage for Minnesota Government Engineers Council Employees. The included employee provision is revised to provide coverage to Minnesota Government Engineers Council employees. *Laws 2008, Ch. 349, Art. 5, Sec. 1. Source: Commission amendment (Betzold)*
3. MSRS Leave of Absence Service Credit Purchase Methodology Provision Revised. The MSRS-General service credit for leaves of absence purchase provision is revised to also cover situations where the individual terminates employment during or at the end of a leave. In such cases, the individual is authorized to purchase the leave period, or portion of the period, as applicable, within 30 days of termination. *Laws 2008, Ch. 349, Art. 5, Sec. 2. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
4. MSRS Duties and Powers of MSRS Board Provision Reorganized. The MSRS duties and powers of the board provision is organized into paragraphs and language dealing with the employment classification of the executive director and assistant director is moved to the executive director provision. *Laws 2008, Ch. 349, Art. 5, Sec. 3. Source: Amendment to H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
5. MSRS Executive Director Provision Revised. The MSRS executive director provision is revised by moving language into this provision dealing with the executive director and assistant director employment classifications and salaries. *Laws 2008, Ch. 349, Art. 5, Sec. 4. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
6. MSRS Miscellaneous Refund Provision Revised by Removing Application Delay Requirement. A miscellaneous refund provision (M.S., Sec. 352.22, Subd. 10) dealing with those who shift coverage to other plans is revised by removing a requirement that a refund application can not be made until 30 days have elapsed since termination of MSRS-General plan coverage, making the provision consistent with other MSRS refund provisions which no longer have a delay requirement. *Laws 2008, Ch. 349, Art. 5, Sec. 5. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

7. MSRS-General to MSRS-Correctional Past Service Credit Transfer Provision Clarified. The post-June 30, 2007, provision for transferring past coverage in situations where a position has been transferred from MSRS-General to MSRS-Correctional is clarified and reorganized, without changing the combined total amount of the required transfer in order to keep both MSRS-General and MSRS-Correctional unharmed. *Laws 2008, Ch. 349, Art. 5, Sec. 6. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
8. Revisor Bill: Technical Corrections to MSRS-General Provisions. Three technical corrections to MSRS-General provisions appeared in a Revisor's Bill, as follows:
 - M.S., Sec. 352.01, Subd. 2b, the excluded employee provision, is revised by correcting a citation.
 - M.S., Sec. 352.03, Subd. 11, a legal advisor provision, is revised by correcting a cross-reference.
 - M.S., Sec. 352.119, Subd. 3, a benefit escalation provision, is revised by removing a cross reference to a repealed provision.

Laws 2008, Ch. 277, Art. 1, Sections 73 to 75. Source: H.F. 3928 (Olin); S.F. 3674 (Moua)

Correctional State Employees Retirement Plan (MSRS-Correctional)

1. Conforming Revision: Death While Active or Deferred Surviving Spouse Benefit Provision. Consistent with the revised Section 356.46, making joint-and-survivor optional annuities mandatory unless waived by the spouse, the MSRS-Correctional death while active or deferred surviving spouse benefit provision (M.S., Sec. 352.931, Subd. 1) is revised to require spousal consent for any employee request that this spousal coverage provision not apply and that a benefit should instead be paid to a designated beneficiary other than the spouse. *Laws 2008, Ch. 349, Art. 4, Sec. 2. Source: H.F. 2451 (Nelson); S.F. 2266 (Wergin)*
2. MSRS-General to MSRS-Correctional Past Service Credit Transfer Provision Clarified. The post-June 30, 2007, provision for transferring past coverage in situations where a position has been transferred from MSRS-General to MSRS-Correctional is clarified and reorganized, without changing the combined total amount of the required transfer in order to keep both MSRS-General and MSRS-Correctional unharmed. *Laws 2008, Ch. 349, Art. 5, Sec. 6. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
3. Positions Added to Correctional Plan. The positions "general maintenance worker lead" and "painter lead" are added to the positions eligible for Correctional Plan coverage providing the employee has at least 75 percent inmate or patient contact. The painter lead position is placed in the plan for prospective service only. An eligible individual or individuals in the general maintenance worker lead position are authorized to have MSRS-Correctional coverage back to December 1, 2007, if the individual elects that retroactive coverage and makes the contributions necessary to have that service transferred from MSRS-General to MSRS-Correctional. *Laws 2008, Ch. 349, Art. 6, Sec. 1-2. Source: H.F. 3082 (Murphy, M.); S.F. 2720 (Betzold)*

Unclassified State Employees Retirement Program (MSRS-Unclassified)

1. MSRS Unclassified Program Surviving Spouse Term Certain Annuity Authority Revised. The MSRS-Unclassified surviving spouse death while active or deferred term certain provision is revised by removing authority to provide five- or six-year term certain annuities, and by authorizing payment of a ten-year term certain annuity, consistent with revisions made in other MSRS and PERA plans in recent years. *Laws 2008, Ch. 349, Art. 5, Sec. 13. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
2. Maximum Annual Contribution Limitation Provision Created. For federal compliance purposes, a maximum annual contribution limitation provision is added to Chapter 356, stating that for the PERA Defined Contribution Plan and MSRS-Unclassified, total annual contributions can not exceed 100 percent of compensation, or \$40,000 as adjusted for inflation by the Secretary of the Treasury, whichever is less. *Laws 2008, Ch. 349, Article 5, Section 34. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
3. Special Law: State Lottery Employee Marital Property Division. A state lottery employee born on July 19, 1953, may elect to have that person's MSRS-Unclassified account divided as provided in a marital property division decree, prior to the date the individual terminates state

employment. If the election is made, the spouse of the eligible employee may withdraw the cash value allocated to that former spouse or elect to leave that amount on deposit in the Supplemental Investment Fund. The lottery employee, if he or she later chooses to transfer coverage to MSRS-General, will receive prorated service credit based on the share of the account remaining after the division of MSRS-Unclassified assets. *Laws 2008, Ch. 349, Art. 16, Sec. 11. Source: Commission amendment LCPR08-027 (Kahn)*

B. Public Employees Retirement Association (PERA)

General Employee Retirement Plan (PERA-General)

1. Conforming Change: PERA Optional Annuity Form Authorization Provision. Consistent with new mandatory joint-and-survivor requirements unless waived by the spouse (Minnesota Statutes, Section 356.46, as revised) the PERA optional annuity form authorization provision and death while active or deferred surviving spouse benefit provision are revised to require a joint-and-survivor annuity unless waived by the spouse. *Laws 2008, Ch. 349, Art. 4, Sec. 3-4. Source: H.F. 2451 (Nelson); S. F. 2266 (Wergin)*
2. Revised Excluded Employee Provision. The PERA excluded employee provision is revised by clarifying that the exclusion of physicians and pharmacists serving in degree, intern, or residency programs includes those working in clinics, and not just in hospitals. *Laws 2008, Ch. 349, Art. 5, Sec. 14. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
3. Revised Salary Definition. The PERA definition of salary is revised by:
 - Clarifying that salary includes employer contributions to certain supplemental plans (laborers industrial pension fund, plumbers and pipefitters pension fund, and international union of operating engineers) if all contributions to the supplemental plan must be made by the employer and if an agreement between the parties establishes that the contribution will either result in a mandatory reduction of the employee's wage or is in lieu of additional wages; and
 - Stating that salary does not include amounts paid from a federal or state grant which specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions are made from other unrestricted sources.*Laws 2008, Ch. 349, Art. 5, Sec. 15. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
4. Revised Termination of Public Service Definition. The PERA termination of public service definition is revised by stating that a termination is not valid if, prior to termination of service, the member has a verbal or written agreement to return to a government subdivision as an employee, independent contractor, or employee of an independent contractor. *Laws 2008, Ch. 349, Art. 5, Sec. 16. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
5. Leave of Absence Service Credit Purchase Methodology Provision Revised. The PERA leaves of absence service credit purchase provision is revised by basing the salary used to compute contributions on the average monthly salary during the six months prior to the leave, rather than the hourly salary rate upon return from the leave; by permitting payment within 30 days of termination if an individual terminates rather than returning from a leave; and by requiring that in cases where a full actuarial value payment is required (situations where the payment is not made within one year of the end of the leave), payment can not be made after termination of service. *Laws 2008, Ch. 349, Art. 5, Sec. 18. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
6. Clarification of Permissible Payment Period, Periods Before Initial Coverage Date. A clarifying statement is added to PERA's provision covering purchases of service for eligible periods prior to the date an entity receives written notice that its members must be covered by PERA, stating that, notwithstanding language in the full actuarial value service credit purchase methodology provision, payment for a service credit purchase may be made any time before termination of service. *Laws 2008, Ch. 349, Art. 5, Sec. 20. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
7. Revision in Workers' Compensation Benefit Coordination Provision. Workers' compensation permanent partial disability payments and retraining payments may not be offset from PERA-General disability payments. *Laws 2008, Ch. 349, Art. 5, Sec. 21. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

8. Technical Correction: Revision of Board Duties Provision. In a bill dissolving the Department of Employee Relations and moving its operations to other agencies, the PERA board duties and powers provision (M.S. 2007 Supplement, Sec. 353.03, Subd. 3) is revised by removing reference to the Department of Employee Relations. *Laws 2008, Ch. 204, Sec. 40. Source: H.F. 3308 (Pelowski); S.F. 3202 (Rest)*
9. Special Law: Rochester City Council Member Permitted to Commence PERA-General Annuity. A Rochester city council member who elected PERA-General coverage for that service and who also was a Rochester school district employee, is permitted to commence a PERA-General retirement annuity based on the school district service after terminating from the school district. The individual must either take a refund of employee contributions to PERA for the elected service, or have all contributions related to the elected service plus six percent interest transferred from PERA-General to the PERA Defined Contribution Plan. *Laws 2008, Ch. 349, Art. 16, Sec. 1. Source: S.F. 1643 (Senjem)*
10. Special Law: St. Paul Public Works Employee Permitted to Withdraw Retirement Annuity and Apply for Disability. A St. Paul Public Works employee born in 1949 is authorized to withdraw a PERA-General retirement annuity and apply for disability. If the individual does not meet the total and permanent disability standard necessary to qualify for PERA disability, the retirement annuity is reinstated. *Laws 2008, Ch. 349, Art. 16, Sec. 2. Source: H.F. 3311 (Atkins); S.F. 2469 (Metzen)*
11. Special Law: Glencoe/Silver Lake Annuitant Waiver of Repayment Requirement. Because of error by PERA, a person born in 1944 who terminated employment as manager of grounds and transportation for the Glencoe/Silver Lake school district on September 30, 2003, is not required to repay any annuity amounts received. The individual had relied upon erroneous information provided by PERA about separation from service requirements applicable to independent contractors and their employees when he became employed in October 2003 as an employee of an independent contractor providing bus service to the district. *Laws 2008, Ch. 349, Art. 16, Sec. 7. Source: H.F. 3567 (Shimanski); S.F. 3150 (Dille)*
12. Special Law: St. Paul City Employee Service Credit Purchase. A person born on March 25, 1960, who qualified for PERA-General coverage as a St. Paul employee in May 1982 but was not reported by the city for coverage until April 1984, is permitted to purchase service credit for the May 1982 through November 1984 period. The individual shall pay the employee contributions that would have been made plus 8.5 percent interest, and the city will pay the remainder of the full actuarial value of the purchase payment. *Laws 2008, Ch. 349, Art. 16, Sec. 8. Source: H.F. 3508 (Hausman); S.F. 3188 (Anderson)*

Local Government Correctional Employees Retirement Plan (PERA-Correctional)

1. Conforming Revision: Death While Active or Deferred Surviving Spouse Benefit Provision. Consistent with new requirements making joint-and-survivor optional annuities mandatory unless waived by the spouse, the PERA-Correctional death while active or deferred surviving spouse benefit provision is revised to require spousal consent for any employee election to have a survivor benefit paid to a designated beneficiary other than the spouse. *Laws 2008, Ch. 349, Art. 4, Sec. 6. Source: H.F. 2451 (Nelson); S.F. 2266 (Wergin)*

PERA Privatized Employees Chapter (Chapter 353F)

1. Various Privatized Healthcare Facilities Removed or Added to PERA Privatization Chapter. The Kanabec Hospital, Northfield Hospital, and Renville County Hospital in Olivia are removed from the privatization chapter because the expected privatizations failed to occur. The Department of Radiology and the Department of Radiation/Oncology in Rice Memorial Hospital in Willmar, and Worthington Regional Hospital are added to the privatization chapter, pending local approval. *Laws 2008, Ch. 349, Art. 5, Sec. 26, and Art. 7. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold) – facilities removed; H.F. 2589 (Hamilton); S.F. 2501 (Vickerman) – Worthington Regional Hospital; H.F. 3021 (Juhnke); S.F. 2855 (Gimse) – Rice Memorial Hospital Departments*
2. New Certification/Decertification Procedure. Rather than continuing the current process where the Commission considers individual bills for each entity seeking to be included in the PERA privatization chapter, the governmental subdivision will submit a resolution to the PERA

Executive Director asking for inclusion. If the actuarial work indicates that PERA-General will not receive a loss, PERA will include the entity in draft legislation. If an entity fails to privatize within one year, its inclusion under the chapter will be voided. *Laws 2008, Ch. 349, Art. 5, Sec. 27. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

3. Clearwater County Extension of Time to File Local Approval. Clearwater County is given an extension to January 1, 2009, to file local approval of the legislation that added Clearwater County Memorial Hospital to the privatization chapter. *Laws 2008, Ch. 349, Art. 5, Sec. 3. Source: Amendment to H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

Public Employees Police and Fire Retirement Plan (PERA-P&F)

1. Conforming Revision: Death While Active or Deferred Surviving Spouse Benefit Provision. Consistent with new mandatory joint-and-survivor annuities unless waived by the spouse, the PERA-P&F death while active or deferred surviving spouse benefit provision is revised to require spousal consent before an employee can request a survivor benefit be paid to a designated beneficiary other than the spouse. *Laws 2008, Ch. 349, Art. 4, Sec. 5. Source: H.F. 2451 (Nelson); S.F. 2266 (Wergin)*
2. Revision in Workers' Compensation Benefit Coordination Provision. Workers' compensation permanent partial disability payments and retraining payments may not be offset from PERA-P&F disability payments. *Laws 2008, Ch. 349, Art. 5, Sec. 23. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
3. Revision of Tribal Police Officer PERA-P&F Inclusion Provision. Given revisions in federal law, tribal police officers can be members of PERA-P&F without the need for an Internal Revenue Service ruling. *Laws 2008, Ch. 349, Art. 5, Sec. 22. Source: House/Senate Finance Committees amendments*
4. Duty Disability Benefit Improvement. The PERA-P&F duty disability benefit is increased from 60 percent of the high-five average salary to 60 percent of the high-five salary plus an additional three percent of the high-five for each year of service in excess of 20 years, retroactive to July 1, 2007. *Laws 2008, Ch. 349, Art. 12, Sec. 1. Source: Amendment to H.F. 3713 (Nelson); S.F. 3405 (Betzold)*
5. Special Law: Temporary Exemption from Reemployed Annuitant Exempt Earnings Limitations, Metropolitan Airports Commission Police. Metropolitan Airports Commission police officers are exempt from the PERA-P&F reemployed annuitant exempt earnings limitations for calendar year 2009. *Laws 2008, Ch. 349, Art. 3, Sec. 11. Source: H.F. 4131 (Smith)*
6. Special Law: Transfer of Service Credit to PERA-P&F, Maple Grove Fire Inspector. An individual employed as a full-time fire inspector by Maple Grove on April 2, 1990, with PERA-General coverage, whose work included daytime response to fire calls, and who was transferred to PERA-P&F by city council action effective January 1, 1996, is permitted to transfer past service from April 1990 through the end of 1995 to PERA-P&F. The individual must pay the employee contribution rate differential between the PERA-General and PERA-P&F employee contribution rates applied to salary, plus 8.5 percent interest from the approximate midpoint of the period (August 1, 1993). If this payment is made, the employer must pay an amount to PERA-P&F equal to the present value of the difference between the value of a combined service annuity given coverage to date, and an annuity in which all the fire inspector service is covered by PERA-P&F, after subtracting an additional transfer being made to PERA-P&F, an amount equal to twice the employee contributions made to PERA-General with interest. *Laws 2008, Ch. 349, Art. 16, Sec. 3. Source: H.F. 3242 (Peppin); S.F. 3127 (Limmer)*
7. Special Law: Enhanced Disability Benefit Provided to Minneapolis Bomb Squad Member with Traumatic Brain Injury. A PERA-P&F member injured on February 9, 2005, while working as a police officer on Minneapolis Bomb Squad, resulting in traumatic brain injury, will receive a total and permanent PERA-P&F disability of 75 percent of high-five salary rather than the benefit provided in general law. *Laws 2008, Ch. 349, Art. 16, Sec. 6. Source: Amendment to H.F. 4117 (Holberg); S.F. 3803 (Pariseau)*

Public Employees Defined Contribution Plan

1. PERA Defined Contribution Plan Investment Option Provision Revised by Eliminating Investment Choice Effective Dates. Because the PERA Defined Contribution Plan will be moving to daily valuation of its investments, permitting share prices of investments to be quickly determined, the investment option provision is revised by removing statements that the effective date for any investment option choices are effective the first of the month. *Laws 2008, Ch. 349, Art. 5, Sec. 24. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
2. Federal Compliance Provisions. Several federal compliance provisions were added:
 - Definitions of designated beneficiary, distribution calendar year, member account balance, required beginning date, and valuation calendar year are added to the plan.
 - Required minimum distribution requirements are specified. If the member is living, the individual's entire account must be distributed to the member in a lump sum by age 70 years and six months, or April 1 of the calendar year following the calendar year in which the member terminates service, whichever is later. Provision is made for distributing the account to the spouse or designated beneficiaries if the member is deceased.
 - The federal compensation limit provision in Chapter 356 (M.S., Sec. 356.611), is clarified by making these federal limitations applicable to the PERA Defined Contribution Plan.
 - A maximum annual contribution limitation provision is added to Chapter 356, stating that total annual contributions to the PERA Defined Contribution Plan or the MSRS-Unclassified Program cannot exceed 100 percent of compensation or \$40,000, as adjusted by the Secretary of the Treasury, whichever is less.

Laws 2008, Ch. 349, Art. 5, Sec. 25, 33, and 34.
3. Special Law: St. Paul School Board Members Permitted to Make Prior Contributions to the PERA Defined Contribution Plan. Four St. Paul School Board members, born in 1955, 1957, 1960, and 1969, respectively, are permitted to make contributions to the PERA Defined Contribution Plan equal to five percent of salary earned between the date school board membership commenced and the date the individual was enrolled in the PERA Defined Contribution Plan, plus interest from the midpoint of the uncovered period. If the employee makes payment, the school board will pay a matching amount. *Laws 2008, Ch. 349, Art. 16, Sec. 9. Source: H.F. 228 (Paymar); S.F. 266 (Cohen)*

C. Teachers Retirement Association (TRA)

1. Revised Reemployed Annuitant Exempted Income Provision. The exempt income limit for reemployed TRA annuitants who provide service to TRA-covered school districts is increased to \$46,000, rather than being tied to the Social Security exempt income limits, before part of the annuity is transferred to a savings account. No deferral requirement applies once Social Security normal retirement age is reached. *Laws 2008, Ch. 349, Art. 3, Sec. 8. Source: H.F. 3415 (Pelowski); S.F. 3531 (Larson)*
2. Return to Work Agreements. Before terminating service, teachers who are at least age 62 may enter into an agreement with a school district to return to work. The teacher can then terminate service and commence receiving a retirement annuity. Participation, time worked, and duration of the reemployment must be mutually agreeable to the employee and employer. No further service credit can be earned for this employment and contributions for this service are prohibited. This new provision does not apply to MnSCU employees. TRA's termination of teaching service definition is also revised for consistent with this new treatment. *Laws 2008, Ch. 349, Art. 3, Sec. 7 and 9. Source: H.F. 3415 (Pelowski); S.F. 3531 (Larson)*
3. TRA Family Leave Payment Provision Revised. The family leave provision is revised to require payment under the general TRA leave payment provision, M.S., Sec. 354.72. *Laws 2008, Ch. 349, Art. 5, Sec. 28. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
4. Conforming Change, TRA Benefit Computation Procedure for Certain Basic Members. A TRA benefit computation provision applicable to certain basic members is revised by striking a reference to a repealed provision. *Laws 2008, Ch. 349, Art. 5, Sec. 29. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

5. TRA Strike Period and Leave of Absence Service Credit Purchase Methodology Provision Revised. The TRA provision specifying procedures for purchasing service credit for leaves of absence and strike periods is revised by permitting payment without interest if the payment is made by June 30 of the fiscal year of the strike period or authorized leave, and by permitting full actuarial payments (required when payment is made after one year following June 30 of the year of the leave or strike) to be made anytime prior to retirement. *Laws 2008, Ch. 349, Art. 5, Sec. 30. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
6. TRA Strike Period Provision Ratified. A 2002 effective date provision (Laws 2002, Ch. 392, Sec. 4) which caused the TRA strike period service credit provision to expire in 2002, is revised to remove that expiration, in effect ratifying continued use of that provision as amended over time. *Laws 2008, Ch. 349, Art. 5, Sec. 35. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
7. Revisor's Bill: Technical Correction to Legal Advisor Provision. A correction to a TRA legal advisor provision (M.S., Sec. 354.07, Subd. 3) is made in a Revisor's Bill by correcting a cross-reference. *Laws 2008, Ch. 277, Art. 1, Sec. 76. Source: H.F. 3928 (Olin); S.F. 3674 (Moua)*
8. Special Law: TRA Actuarial Study of Delaying Coverage Determinations by Tenure Track Faculty. TRA must study of the cost implications of permitting MnSCU tenure track faculty to elect prospective TRA coverage within one year after attaining tenure, and permitting these individuals to purchase past coverage back to their employment date at full actuarial value. *Laws 2008, Ch. 349, Art. 9, Sec. 7. Source: Amendment to H.F. 1953 (Kahn); S.F. 2154 (Olson, M.)*
9. Special Law: Teacher Born December 9, 1954, Coverage Transfer from IRAP to TRA Because of MnSCU Failure to Inform About Default Coverage. A teacher, first employed in excess of 25 percent time in 2005 and who became a full time faculty member in 2007, and who was covered by IRAP because of a MnSCU failure to inform the individual of retirement coverage options, is permitted to shift coverage to TRA. Relating to past service, the individual must transfer to TRA employee contributions made to IRAP plus investment earnings on those contributions. If this amount is less than the value of employee contributions plus interest that would have been made to TRA, the individual must make up the difference. Any remainder of the individual IRAP account must also transfer. If the total amount of all transfers is less than the full actuarial value of the service credit obtained in TRA, MnSCU must pay the difference to TRA. *Laws 2008, Ch. 349, Art. 16, Sec. 4. Source: H.F. 2803 (Greiling); S.F. 3618 (Marty)*
10. Special Law: Purchase of Service Credit for Illinois Teaching Service. A Rosemount teacher who taught at Edwardsville High School in O'Fallon, Illinois, for the 1998-1999 to 2001-2002 school years is permitted to purchase TRA service credit for that period of out-of-state teaching service. The full actuarial value purchase is authorized if the individual is not eligible for any benefit from the Illinois Teachers Retirement System. *Laws 2008, Ch. 349, Art. 16, Sec. 5. Source: H.F. 2762 (Wardlow)*
11. Special Law: Purchase of Service Credit for Leave, Wayzata Teacher. A Wayzata teacher on leave from January 2006 through March 2006 is permitted to purchase that period (26.5 days) at full actuarial value. *Laws 2008, Ch. 349, Art. 16, Sec. 10. Source: H.F. 4151 (Hoppe)*
12. Repealers. The following obsolete TRA provisions are repealed:
 - M.S., Sec. 354.44, Subd. 6a, dealing with a phase-in of a benefit improvement that was total phased-in by 2002;
 - M.S., Sec. 354.465, dealing with elections of joint-and-survivor benefits prior to 1981;
 - M.S., Sec. 354.51, Subd. 4, which permitted teachers to obtain service credit for certain pre-June 30, 1953, teaching service in other states;
 - M.S., Sec. 354.55, Subd. 2, dealing with certain pre-1957 benefit elections;
 - M.S., Sec. 354.55, Subd. 3, dealing with contributions not withdrawn from the fund by individuals who terminated service before July 1, 1957;
 - M.S., Sec. 354.55, Subd. 6, specifying computation of benefits for certain individuals who commenced an annuity before June 30, 1965; and
 - M.S., Sec. 354.55, Subd. 15, providing an increase in the annuity of annuitants drawing benefits in 1973.

Laws 2008, Ch. 349, Art. 5, Sec. 37. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)

D. First Class City Teacher Plans

Duluth Teachers Retirement Fund Association (DTRFA)

St. Paul Teachers Retirement Fund Association (SPTRFA)

1. Revised Reemployed Annuitant Exempted Income Provision. The exempt income limit for reemployed first class city teacher plan basic and coordinated annuitants who provide service to the same school district is increased to \$46,000, rather than being tied to the Social Security exempt income limits, before part of the annuity is transferred to a savings account, with a waiver of all deferral requirements once Social Security normal retirement age is reached. *Laws 2008, Ch. 349, Art. 3, Sec. 10 and 12. Source: H.F. 3415 (Pelowski); S.F. 3531 (Larson)*
2. Revisor's Bill: Technical Corrections. The employee contribution provision (M.S., Sec. 354A.12, Subd. 1) is revised by correcting the names of the retirement fund associations, and the employer contribution provision (M.S., Sec. 354A.12, Subd. 2a) is corrected by removing reference to a repealed Social Security coverage provision. *Laws 2008, Ch. 277, Art. 1, Sec. 77-78. Source: H.F. 3928 (Olin); S.F. 3674 (Moua)*
3. Repeal of Obsolete Extended Leave of Absence Provisions. M.S., Sec. 354A.091, Subd. 1a and 1b, dealing with state payments for extended leaves of absence that commenced before 1985, and which were no longer relevant as of 1990, are repealed. *Laws 2008, Ch. 349, Art. 5, Sec. 37. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

E. Minneapolis Employees Retirement Fund (MERF)

1. Post Fund Language Moved. Rather than continuing to create MERF post fund authority by a cross-reference to the State Board of Investment Minnesota Post Retirement Investment Fund provision, comparable language is added to MERF law. *Laws 2008, Ch. 349, Art. 1, Sec. 6. Source: H.F. 3421 (Murphy, M.); S.F. 2969 (Betzold)*
2. Technical Correction to City-Owned Utility Contribution Provision. A reference to a repealed statute is removed from the MERF city-owned utility contribution provision (M.S., Sec. 422A.110, Subd. 2). *Laws 2008, Ch. 277, Art. 1, Sec. 82. Source: H.F. 3928 (Olin); S.F. 3674 (Moua)*

F. Minnesota State Colleges and Universities System (MnSCU) Higher Education Individual Retirement Account Plan (IRAP) and Supplemental Fund

1. Unclaimed Plan Account Definition. New definition, "unclaimed plan account" is an account of a terminated participant or of a deceased participant's surviving spouse, beneficiary, or estate, if the plan administrator is unable to locate the applicable recipient in accordance with IRS due diligence requirements. *Laws 2008, Ch. 349, Art. 9, Sec. 1. Source: H.F. 2170 (Kahn); S.F. 2153 (Olson, M.)*
2. Disposition of Abandoned Accounts. If an IRAP or MnSCU Supplemental Fund account remains unclaimed five years after the plan administrator first attempts to locate the account owner, the account cancels and is credited to a reserve account. The reserve account and its investment earnings will be used to offset IRAP and MnSCU Supplemental Retirement Plan expenses, including the cost of attempts to locate account owners. If an unclaimed account exceeds \$25 and is later claimed, the account shall be reestablished at the amount originally forfeited. *Laws 2008, Ch. 349, Art. 9, Sec. 2-5. Source: H.F. 2170 (Kahn); S.F. 2153 (Olson, M.)*
3. Supplemental Plan Loan Prohibition Exemption. The MnSCU Supplemental Retirement Plan loan prohibition provision is revised to permit loans from the participant's Supplemental Retirement Plan account prior to termination of service if the individual is in an approved phased retirement program that is part of an approved collective bargaining agreement. *Laws 2008, Ch. 349, Art. 9, Sec. 6. Source: Amendment to H.F. 2170 (Kahn); S.F. 2153 (Olson, M.)*
4. Special Law: TRA Actuarial Study of Delaying Coverage Determinations by Tenure Track Faculty. TRA must study the cost permitting MnSCU tenure track faculty to elect prospective TRA coverage within one year after attaining tenure, and of permitting these individuals to purchase past coverage back to the employment date at full actuarial value. *Laws 2008, Ch. 349, Art. 9, Sec. 7. Source: Amendment to H.F. 1953 (Kahn); S.F. 2154 (Olson, M.)*

G. Local Police and Paid Fire Relief Associations

Minneapolis Fire Relief Association

Minneapolis Fire Relief Association (MFRA) Benefit Increases. The two benefit improvements are:

- The relief association may pay a permanent increase from 42.3 units to 43.2 units for unmarried service pensioners, one unit to other service pensioners, and one unit for surviving spouses. These unit increases are first payable on January 1 of the year following the year for which an official actuarial valuation indicates a funding ratio in excess of 110 percent.
- In lieu of the 13th check provision in MFRA law the association shall pay each annuitant an additional benefit equal to one month's annuity payment, to be paid from excess investment income. The benefit in this paragraph is payable when the funding ratio is less than 102 percent.

No local approval is required.

Laws 2008, Ch. 349, Art. 13, Sec. 1. Source: H.F. 3764 (Thissen); S.F. 3506 (Larson)

H. Volunteer Fire Relief Associations

1. Authority Removed to Pay Funeral Benefits from Special Fund. The general law volunteer fire authorized special fund disbursement provision is revised to remove authority to pay funeral benefits. *Laws 2008, Ch. 349, Art. 14, Sec. 2 and 11. Source: H.F. 3938 (Murphy, M.)*
2. Definition of Ancillary Benefit. An ancillary benefit definition is added, defined as a benefit other than a service pension that is permitted by law and authorized in relief association bylaws. *Laws 2008, Ch. 349, Art. 14, Sec. 8. Source: H.F. 3715 (Nelson); S.F. 3325 (Betzold)*
3. Surviving Spouse Definition Revised. The volunteer fire surviving spouse definition is revised to be the spouse of a deceased member legally married to the member at the time of death, rather than a spouse dependent on the deceased active or retired member and living with the member at the time of the member's death and for at least one year prior to the date the member terminated active service. *Laws 2008, Ch. 349, Art. 14, Sec. 7. Source: H.F. 3938 (Murphy, M.)*
4. Increase in Flexible Service Pension Maximum Monthly Benefits. For monthly plans, the flexible service pension maximum monthly benefits are increased from \$56 per month per year of service to a maximum of \$65 effective December 31, 2008; to \$74 effective December 31, 2009; to \$83 effective December 31, 2010; to \$92 effective December 31, 2011; and to \$110 effective December 31, 2012. *Laws 2008, Ch. 349, Art. 14, Sec. 8. H.F. 3715 (Nelson); S.F. 3325 (Betzold)*
5. Increase in Flexible Service Pension Maximum for Lump Sum Plans. For lump sum plans, the flexible service pension maximum benefits are increased from \$7,500 per year of service to \$8,300 per year of service effective December 31, 2008; to \$9,100 per year of service effective December 31, 2009; to \$10,000 per year of service effective December 31, 2010. *Laws 2008, Ch. 349, Art. 14, Sec. 8. Source: H.F. 3715 (Nelson); S.F. 3325 (Betzold)*
6. Revisions in Computing Interest on Deferred Service Pensions. Authority to pay interest at the rate actually earned by the association as reported by the State Auditor, not to exceed five percent, is removed, and relief associations are permitted more flexibility in determining the time period over which interest is paid. Authority is retained to create a separate account for the deferred member and to pay whatever interest is earned on that account, or to not segregate the assets and to pay a compound rate of interest as specified by the relief association, not to exceed five percent. *Laws 2008, Ch. 349, Art. 14, Sec. 9. Source: H.F. 3938 (Murphy, M.)*
7. Specification of Ancillary Benefits. For active members, any survivor benefit or permanent disability benefit must equal the total earned service pension, except the bylaws may provide for a benefits equivalent to up to a five-year pension to a disabilitant or survivor of a firefighter who became disabled or died before providing five years of service. For others, the ancillary benefit may not exceed the total earned service pension, determined by multiplying the service pension amount specified in the bylaws by years of credited service. *Laws 2008, Ch. 349, Art. 14, Sec. 10. Source: H.F. 3938 (Murphy, M.)*
8. Statewide Volunteer Firefighter Retirement Plan Advisory Board. A voluntary statewide lump-sum volunteer firefighter retirement plan advisory board is established, to be dissolved on August 1, 2009. The board must include four volunteer firefighters from firetowns of various

sizes, with two appointed by the Minnesota State Fire Departments Association, and two by the Minnesota State Fire Chiefs Associations. A fifth person will be appointed by the president of the League of Minnesota Cities, and a sixth by the president of the Minnesota Association of Townships. PERA and PERA's Executive Director will provide advice and administrative support. The board shall draft legislative recommendations for establishing, organizing, and administering a statewide lump-sum volunteer firefighter retirement plan, in which membership is voluntary. *Laws 2008, Ch. 349, Art. 14, Sec. 12. Source: Amendment to H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug)*

9. Voluntary Repeal of Prior Inconsistent Special Laws. Given the various general law changes in Laws 2008, Ch. 349, Art. 14, dealing with the definition of "spouse," authority to provide funeral benefits, survivor and disability benefits, and other matters, cities which have special laws which differ from the revised general law are allowed to decide whether to retain their special law or be covered by the revised general law. The applicable special law or laws are repealed if the city gives the repealer local approval. If not, the special law remains in effect. The cities are Anoka, Butterfield, Coon Rapids, Edina, Fairmont, Falcon Heights, Golden Valley, Wayzata, and White Bear Lake. *Laws 2008, Ch. 349, Art. 14, Sec. 13. Source: H.F. 3938 (Murphy, M.)*
10. Technical Correction to Annuity Contract Purchase Provision. The lump sum plan annuity contract purchase provision (M.S., Sec. 424A.02, Subd. 8a), is revised by removing reference to a repealed cross-reference. *Laws 2008, Ch. 277, Art. 1, Sec. 83. Source: H.F. 3928 (Olin); S.F. 3674 (Moua)*
11. Revision in Reimbursement Provision for Supplemental Benefits. The state reimbursement provision for lump sum volunteer fire plan supplemental benefits (M.S., Sec. 424A.10, Subd. 3) is revised by requiring the reimbursement to be sent to the municipal treasurer rather than to the relief association. The municipality is prohibited from forwarding the reimbursement to the relief association until the relief association files the required annual financial report with the municipality. The provision was included in a tax bill. *Laws 2008, Ch. 154, Art. 15, Sec. 9. Source: H. F. 3201 (Lenczewski); S.F. 2935 (Bakk)*

II. GENERAL PENSION PROVISIONS

This section summarizes provisions applying to all pension plans or to various plan groups.

1. MSRS, PERA, and TRA Plans: Revised Minnesota Post Retirement Investment Fund Benefit Increase Procedures. The total benefit increase provided by the Minnesota Post Retirement Investment Fund (Post Fund) to benefit recipients can not exceed the rate of inflation or five percent, whichever is less. However, an additional benefit increase may be provided to any individuals who have lost purchasing power compared to the value of the benefit they initially received when their benefit first commenced. This additional benefit increase can only be paid if the Post Fund funding ratio is at least 90 percent, if the rate return earned on Post Fund assets exceeds 8.5 percent for the year, and if the inflation rate certified for the year is less than 2.5 percent. The amount of this additional increase, when combined with the inflation adjustment authorized for the year, can not exceed 2.5 percent in total. *Laws 2008, Ch. 349, Art. 1, Sec. 2-3. Source: H.F. 3421 (Murphy, M.); S.F. 2969 (Betzold)*
2. MSRS, PERA, and TRA Plans: Post Fund Excess Assets Trigger, Report to the Commission. If the Post Fund funding ratio exceeds 115 percent, the MSRS, PERA, and TRA boards must report to the Legislative Commission on Pensions and Retirement by the next January 15 with recommendations regarding benefits and funding of the retirement funds for active employees and benefit recipients. *Laws 2008, Ch. 349, Art. 1, Sec. 4. Source: H.F. 3421 (Murphy, M.); S.F. 2969 (Betzold)*
3. MSRS, PERA, and TRA Plans: Potential Dissolution of Minnesota Post Fund. If the Post Fund funding ratio is less than 80 percent in any one year, or less than 85 percent in two consecutive years, the Post Fund must be dissolved, and assets will be transferred back to the applicable plan and be merged with the active member assets for that plan. If the Post Fund is dissolved, notwithstanding any other law, the benefit recipients will receive an annual 2.5 percent increase in lieu of any other benefit increase. By November 30 following the dissolution of the Post Fund, the executive directors of the applicable plans must propose legislation needed to revise statutes to conform to the dissolved Post Fund. *Laws 2008, Ch. 349, Art. 1, Sec. 1, and Art. 2, Sec. 1-2. Source: H.F. 3421 (Murphy, M.); S.F. 2969 (Betzold)*

4. Teacher Plans: Commission Required to Study Teacher Plan Benefit Issues. The Legislative Commission on Pensions and Retirement is required to study teacher plan benefit adequacy and compare teacher retirement benefits in Minnesota with teachers in other states. The Commission must report by January 15, 2009, to the chairs and ranking minority members of the legislative committees with jurisdiction over public pensions and education policy and finance. *Laws 2008, Ch. 349, Art. 1, Sec. 7. Source: Conference Committee amendment (Thissen)*
5. All Paid Employee Plans Without Automatic Survivor Coverage: Mandatory Joint-and-Survivor Annuity. M.S., Sec. 365.46, a spousal notification provision, is transformed to require that all disability and retirement annuities must be joint and survivor annuities providing coverage to the spouse, unless the spouse waives that coverage through a notarized statement. This section does not apply to volunteer fire plans, to any plan that provides automatic surviving spouse coverage if a joint-and-survivor annuity is not elected, and in any situation where there is a court order to the contrary. *Laws 2008, Ch. 349, Art. 4, Sec. 7. Source: H.F. 2451 (Nelson); S.F.2266 (Wergin)*
6. PERA Defined Benefit Plans: Temporary Full Actuarial Value Military Service Credit Purchase Provision Enacted. A temporary full actuarial value service credit purchase provision for periods of military service covering the initial period of enlistment, induction, or call to active duty without voluntary extension, is enacted. The provision applies to individuals with military service occurring before the individual became a PERA plan member, or who failed to purchase service in a timely manner under PERA's Uniformed Service Employment and Reemployment Rights Act (USERRA)-compliant provision. The provision is repealed on July 1, 2013. *Laws 2008, Ch. 349, Art. 5, Sec. 17. Source: Commission Amendment LCPR08-BA04 (Murphy, M.)*
7. MSRS, PERA, TRA, First Class City Teacher Plans: Earlier Access to Reemployed Annuitant Savings Accounts. The savings accounts created for reemployed annuitants who had reemployment income in excess of exempt income limits, resulting in a portion of the annuity being transferred to the savings account, can be accessed as early as one year after the reemployment ends; rather than upon attaining age 65 or 13 months after the end of the reemployment period, whichever is later. *Laws 2008, Ch. 349, Art. 5, Sec. 31. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
8. All Plans: Revised Full Actuarial Value Payment Methodology. The minimum full actuarial payment required under the full actuarial value methodology provision (M.S., Sec. 356.551) is revised by stating that the minimum payment can not be less than a contribution plus interest payment, rather than a payment determined by applying current contribution rates to current salary multiplied by the length of the period being purchased; and unless otherwise provided in plan law, payment can not be made after retirement. *Laws 2008, Ch. 349, Art. 5, Sec. 32. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
9. All Plans: Repeal of Covered Salary for Pension Purposes Provision. Laws 2005, First Special Session, Ch. 8, Art. 1, Sec. 23, is repealed retroactive to its effective date, July 26, 2005. This 2005 special session law was an attempt to amend M.S., Sec. 356.611, Subd. 1, a state salary for pension purposes limitation provision. However, that subdivision had been repealed in the final days of the 2005 regular session. By proposing an amendment to a provision that had already been repealed, the 2005 special session action had no effect. *Laws 2008, Ch. 349, Art. 5, Sec. 37. Source: H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
10. All Plans: Expansion of Authority to Hold Pension Fund Assets. A pension fund title-to-assets provision (M.S., Sec. 356A.06, Subd. 1), is expanded to permit security brokers or broker's agents to hold plan assets if they have sufficient insurance to cover those assets from the Securities Investor Protection Corporation (SIPC) or from excess insurance coverage. Annual disclosure of sufficient insurance must be provided by the broker of broker agent on a form to be provided by the State Auditor. *Laws 2008, Ch. 349, Art. 14, Sec. 3 and 5. Source: H.F. 3938 (Murphy, M.)*
11. All Expanded List Plans: Clarification of Index Funds and Other Mutual Fund Treatment in Miscellaneous Investment Category. The expanded list investment authority provision (applicable to all Minnesota public pensions, other than the State Board of Investment, which have assets in excess of \$1 million, and many that are smaller) is revised. The revision clarifies that any portion of a mutual fund representing investments in the miscellaneous "other" investment category (primarily venture capital, resource investments, and emerging market securities) must be included in determining the portion of the total portfolio devoted to "other" assets. *Laws 2008, Ch. 349, Art. 14, Sec. 4. Source: H.F. 3938 (Murphy, M.)*
12. TRA and First Class City Teacher Fund Associations: Revised Direct State Aid Amounts. Direct state aids to teacher plans (M.S., Sec. 354A.12, Subd. 3a) are reallocated. Total direct state aid to TRA on

behalf of the Minneapolis Teacher Retirement Fund Association (MTRFA) is reduced by \$346,000, leaving the TRA with \$12,954,000. This \$346,000 annual amount will be allocated to DTRFA, restarting aid to the DTRFA after direct aid to that organization ended in 2002 because the DTRFA had become fully funded. The amount that SPTRFA would otherwise receive is reduced by \$140,000, leaving the SPTRFA with \$2,827,000 per year. For fiscal year 2008, payment of the additional \$346,000 to TRA is ratified, and payment of an additional \$140,000 to SPTRFA is ratified.

Laws 2008, Ch. 349, Art. 8, Sec. 1. Source: H.F. 3320 (Nelson); S.F. 2423 (Betzold), House and Senate Governmental Operations Committees amendments, House Ways and Means Committee amendment, and Senate Finance Committee amendment

13. TRA and SPTRFA: Revised Supplemental Contributions and Direct State Aid Provision. Supplemental contributions, which Special School District No. 1, Minneapolis, and the City of Minneapolis must pay to be eligible to receive amortization and supplemental amortization aid not used for local police and paid fire relief associations, must continue to be paid to TRA until the teacher pension fund is fully funded or until 2037, whichever is earlier, rather than until 2037. Once the SPTRFA funding ratio equals or exceeds that of TRA, the special direct state aid payable to that organization is redirected to TRA. *Laws 2008, Ch. 349, Art. 8, Sec. 2. Source: H.F. 3320 (Nelson); S.F. 2423 (Betzold)*
14. TRA, First Class City Teacher Fund Associations, City of Minneapolis, City of Duluth, Minimum Floor Volunteer Fire Plans: Revised Allocation of Additional Amortization State Aid When Contributions for Consolidation Accounts End. When contributions to PERA-P&F relating to consolidation accounts is no longer needed after 2009 or 2010, any available additional amortization aid that had been used to meet the obligations of those accounts is redirected as follows: 20 percent to the SPTRFA, 20 percent to the City of Minneapolis for Minneapolis Police Relief Association and Minneapolis Firefighters Relief Association obligations, 20 percent to the City of Duluth for police and firefighter pensions, and 40 percent to support the minimum state aid for volunteer fire pensions. *Laws 2008, Ch. 349, Art. 8, Sec. 3. Source: H.F. 3744 (Thissen); S.F. 3532 (Larson)*
15. Repealer: TRA and First Class City Teacher Fund Associations: Direct State Aid Repealed When Full Funding Achieved. The direct state aids to teacher plan provision (M.S., Sec. 354A.12, Subd. 3a) is repealed when neither TRA nor SPTRFA has any unfunded liability. *Laws 2008, Ch. 349, Art. 8, Sec. 4, Paragraph (a). Source: H.F. 3320 (Nelson); S.F. 2423 (Betzold)*
16. Repealer: TRA and First Class City Teacher Fund Associations: Special Direct Matching Aid and Termination of Supplemental Contributions and Direct Matching and State Aid Provisions Repealed When Full Funding Achieved. The special direct matching aid and termination of supplemental contributions and direct matching and state aid provisions (M.S., Sec. 354A.12, Subd. 3b and 3c), are repealed when neither TRA nor SPTRFA has any unfunded liability. *Laws 2008, Ch. 349, Art. 8, Sec. 4, Paragraph (b). Source: H.F. 3320 (Nelson); S.F. 2423 (Betzold)*
17. All Public Employees: State Deferred Compensation (457) Plan Recodified; Authority Added to Offer Roth Products; Prior Provisions Repealed. The MSRS Deferred Compensation Plan is recodified as new Section 352.965, and the recodified section includes new authority to offer an after-tax Roth plan. Employers must allow employees to access the deferred compensation plan within 45 days of the employee's request, rather than within 30 days under prior law. MSRS is authorized to retain a third-party investment consultant to provide investment information and advice to plan participants. The prior deferred compensation statute, M.S., Sec. 352.96 and the accompanying Minnesota Rules are repealed. *Laws 2008, Ch. 349, Art. 11, Sec. 3 and 12. Source: H.F. 3221 (Murphy, M.); S.F. 2655 (Betzold)*
18. All Public Employees: Conforming Changes to Recodified Deferred Compensation Provision. Conforming changes are made in various MSRS and PERA statutes, and in other statutes pertaining to pension plans in general, to revise references to the deferred compensation plan to reflect the recodified section's new number, Section 352.965. The provisions in which conforming changes are made are:
 - MSRS duties and powers of the board provision, M.S., Sec. 352.03, Subd. 4;
 - MSRS prior deferred compensation plan construction provision, M.S., Sec. 352.97;
 - PERA Defined Contribution Plan contributions for prior elective service, M.S., Sec. 353D.12, Subd. 4;
 - Exemption from prohibition against employer contributions to supplemental plans provision, M.S., Sec. 356.24, Subd. 1;
 - Pension plan appeal procedure definition provision, M.S., Sec. 356.96, Subd. 1;
 - Public pension administration contracting procedures provision, M.S., Sec. 356B.10, Subd. 3;
 - Minnesota Human Rights Act certificate of compliance provision, M.S., Sec. 363A.36;

- Hennepin County retirement coverage participation in state deferred compensation plan provision, M.S., Sec. 383B.914, Subd. 7; and
- Marriage dissolution chapter, definition of public pension plan provision, M.S., Sec. 518.003, Subd. 8.

Laws 2008, Ch. 349, Art. 11, Sec. 2 and 4-11. Source: H.F. 3221 (Murphy, M.); S.F. 2655 (Betzold)

19. All Employers: Increased Contributions Permitted to Supplemental Plans, Employer Contributions Permitted to All Deferred Compensation Plans; Other Revisions. The exemption provision to the employer contribution prohibition to supplemental plans (M.S., Sec. 356.24, Subd. 1), is revised by permitting employer contributions to all deferred compensation plans rather than just the MSRS Deferred Compensation Plan; by requiring disclosure of all fees and 1-, 3-, 5-, and 10-year rates of return if an employer match is to be permitted to any 457 deferred compensation plan or 403(b) plan; and by increasing the maximum permitted employer matching contribution from \$2,000 to one-half of the available elective deferral permitted under Internal Revenue Code. (*Laws 2008, Ch. 349, Art. 11, Sec. 6. Source: H.F. 3221 (Murphy, M.); S.F. 2655 (Betzold), H.F. 3840 (Gunther); S.F. 3554 (Rosen), and H.F. 3029 (Hilstrom); S.F. 2759 (Betzold)*)
20. All Plans: Pension Fund Financial Reporting Revisions. The pension fund financial reporting section (M.S., Sec. 356.20), is revised. Subdivisions 1 and 2, which specifies that reports are required and the pension funds covered by the provision, are revised for style. Subdivision 3, Filing Requirements, is revised by requiring copies to be made available to plan members, rather than mandating distribution to each plan member. Subdivision 4, Contents of Financial Report, revises the content of the actuarial valuation disclosure item in the financial report. That disclosure must include the actuarial value of assets rather than the accrued assets. The requirement to include an assets statement including information on asset mix and asset values at cost and market is removed. Requirements to include presentations of unfunded liabilities and benefit obligations are also removed. (*Laws 2008, Ch. 349, Art. 10, Sec. 2-6. Source: H.F. 3041 (Murphy, M.); S.F. 2715 (Betzold)*)
21. MSRS, PERA, TRA, First Class City Teacher Plans, MERF: Revision of Actuarial Services; Removal of Joint Actuary. The requirement that the pension funds to jointly retain an actuary to provide actuarial reports for the pension plans (M.S., Sec. 356.214, Subd. 1), is revised by removing the requirement of having a joint actuary. Instead, the governing board of each pension plan system will retain its own actuary. In addition, M.S., Sec. 356.214, Subd. 2, which had required the pension plan administrations to allocate the cost of the jointly-retained actuary, is repealed. (*Laws 2008, Ch. 349, Art. 10, Sec. 7, 8, and 18. Source: H.F. 2194 (Kahn); S.F. 2006 (Pappas)*)
22. Commission to Retain Reviewing Actuary. The Commission will contract with an actuarial firm to audit or review the actuarial valuations, experience studies, and actuarial cost analysis prepared by the actuaries retained by the various pension plan governing boards. A \$140,000 appropriation is provided to cover the cost of the contract. (*Laws 2008, Ch. 349, Art. 10, Sec. 9 and 17. Source: H.F. 2194 (Kahn); S.F. 2006 (Pappas)*)
23. Plans Other Than Volunteer Fire Plans: Actuarial Valuations and Experience Studies, Revised Definitions. The definition of approved actuary, for purposes of retaining and providing actuarial valuations, is revised by removing authority to be retained if the individual had 15 years of experience serving major public retirement plans in lieu of being a fellow in the Society of Actuaries. Obsolete language in the actuarial value of assets provision is removed. (*Laws 2008, Ch. 349, Art. 10, Sec. 10. Source: H.F. 3041 (Murphy, M.); S.F. 2715 (Betzold)*)
24. MSRS, PERA, TRA, First Class City Teacher Retirement Associations, MERF: Actuarial Report Filing Requirement Provision Revised by Removing Deadline. The provision which had required actuarial valuations to be filed with the Legislative Commission on Pensions and Retirement, Commissioner of Finance, and Legislative Reference Library no later than six months after the end of the fiscal year is revised by removing all deadlines. (*Laws 2008, Ch. 349, Art. 10, Sec. 12. Source: H.F. 2194 (Kahn); S.F. 2006 (Pappas)*)
25. Various MSRS, PERA, TRA, First Class City Teacher Retirement Associations, MERF Plans: Revised Salary/Payroll Growth Assumptions, Various Plans, and Authorizing Governing Boards to Propose Rates After 2010. The changes are as follows:
 - The salary assumption and payroll growth assumption for the Elective State Officers Retirement Plan is removed (because the plan is closed and has no active members).

- The salary growth assumptions for other plans are revised by reducing the MSRS-General select period to five years rather than ten; by revising the select calculation for DTRFA to 8 percent per year in years one to seven, 7.25 percent per year for years seven and eight, and 6.5 percent for years eight and nine; by increasing the percentage rate from 0.3 percent to 0.6 percent for MSRS-General and PERA-General; and by reducing the ultimate salary increase assumptions for the plans, at least in some age ranges, except for the State Patrol Retirement Plan, PERA-Correctional, and SPTRFA.
- The payroll growth assumptions are decreased from 5.0 percent to 4.5 percent for MSRS-General, MSRS-Correctional, the State Patrol Retirement Plan, the Legislators Retirement Plan, TRA, and DTRFA; and from 5.0 percent to 4.0 percent for the Judges Retirement Plan; and from 6.0 to 4.5 percent for PERA-General, PERA-P&F, and PERA-Correctional.
- After July 1, 2010, the salary and payroll growth assumptions may be revised by the governing boards of the applicable plan and become effective if the Legislative Commission on Pensions and Retirement does not take action to overrule the plan proposed change within one year.

Laws 2008, Ch. 349, Art. 10, Sec. 13 and 15. Source: H.F. 3041 (Murphy, M.); S.F. 2715 (Betzold)

26. MSRS-Correctional, MSRS Judges, PERAP&F, SPTRFA: Revised Full Funding Dates, Various Plans. The full funding dates for MSRS-Correctional, the Judges Retirement Plan, and PERA-P&F are reset to June 30, 2038. The full funding date for SPTRFA will be a rolling period 25 years from the year of the valuation, and the annual actuarial valuation will contain an exhibit indicating the SPTRFA funding ratio and contribution deficiency/sufficiency based on market value. *Laws 2008, Ch. 349, Art. 10, Sec. 14. Source: H.F. 3041 (Murphy, M.); S.F. 2715 (Betzold)*
27. MSRS, PERA, TRA, MERF Plans: Exhibit Showing Retirement Fund Amortization Requirement. The MERF actuarial valuation, with respect to its Retirement Benefit Fund, and MSRS, PERA, and TRA plan actuarial valuations with respect to the Minnesota Post Retirement Investment Fund (Post Fund), must include an exhibit indicating the contribution necessary to amortize the unfunded liability of the Retirement Benefit Fund or the Post Fund, as applicable. *Laws 2008, Ch. 349, Art. 10, Sec. 14. Source: H.F. 3041 (Murphy, M.); S.F. 2715 (Betzold)*
28. All Plans: Technical Revisions to Minnesota Pension Plans Generally, Chapter 356. The combined service annuity computation provision (M.S., Sec. 356.30, Subd. 1), and an abandoned account provision (M.S., Sec. 356.65, Subd. 2), are revised by removing reference to the Elected State Officer Plan or to repealed Elected State Officer Plan provisions. *Laws 2008, Ch. 277, Art. 1, Sec. 79-80. Source: H.F. 3928 (Olin); S.F. 3674 (Moua)*

III. MISCELLANEOUS PROVISIONS

This section covers miscellaneous legislation which may impact plan active members or retirees, but which does not clearly fall into the domain of pension plan legislation.

1. Projection Valuation Authority Removed: A retirement fund reporting provision is revised to remove Commissioner of Finance authority to have the actuary jointly retained by the retirement systems to prepare quadrennial projection valuations. *Laws 2008, Ch. 349, Art. 10, Sec. 1, 11, and 18. Source: H.F. 3041 (Murphy, M.); S.F. 2715 (Betzold) and H.F. 2194 (Kahn); S.F. 2006 (Pappas)*
2. Increased Maximum Salary: MSRS, PERA, and TRA Executive Directors. In the state government finance bill, the maximum salaries of the MSRS, PERA, and TRA Executive Directors are increased from 85 percent to 95 percent of the Governor's salary. *Laws 2008, Ch. 363, Art. 13, Sec. 15-16. Source: H.F. 1812 (Carlson); S.F. 3813 (Cohen)*
3. MSRS and PERA: Post Retirement Option Program Revisions. The Post Retirement Option (PRO) program is revised to make the program consistent with federal plan qualification separation requirements by:
 - Clarifying that individuals in the PRO program are individuals who terminated service and are drawing retirement annuities, rather than being active employees;
 - Requiring that, if the individual is under age 62, no verbal or written offer of a PRO position may be made until at least 30 days after termination of active service; and
 - Requiring that, if the individual is under age 62, no verbal or written offer of reappointment to a PRO position may be made until at least 30 days after termination of the prior PRO position.

Laws 2008, Ch. 349, Article 3, Sec. 1-6. Source: H.F. 3436 (Nelson); S.F. 3136 (Betzold)

4. All Plans: Reporting of Pension Plan Malfeasance to State Auditor and County Attorney. A State Auditor provision (M.S., Sec. 6.67), requiring public accountants to report to the State Auditor and County Attorney any nonfeasance, misfeasance, or malfeasance by public officers or employees, is revised to include reporting of questionable conduct or activity by any public pension administrator or agent. *Laws 2008, Ch. 349, Art. 14, Sec. 1. Source: H.F. 3938 (Murphy, M.)*
5. MSRS, PERA, MERF: Labor Organization Voluntary Dues Withholding From Annuity. An annuitant may request that the pension fund administration deduct from the retirement annuity dues to any exclusive bargaining agent labor organization or any organization representing retired public employees. The deductions can occur no more than twice per year and cannot be used for political purposes. Any labor organization must reimburse the pension fund for administrative expenses of withholding and transmitting the dues. *Laws 2008, Ch. 349, Art. 15. Source: H.F. 3799 (Murphy, M.); S.F. 2998 (Betzold), and House floor amendment (Garofalo)*
6. Teacher Plans: 403(b) Plan Vendors Subject to Collective Bargaining. A school district annuity payroll withholding provision is revised by declaring that the identity and number of 403(b) vendors available to school district employees is subject to collective bargaining. When considering vendors the school district and the exclusive representative of the employees shall consider the vendor's ability to comply with 403(b) requirements, the vendor's financial stability and experience, and various other factors. *Laws 2008, Ch. 349, Art. 11, Sec. 1. Source: H.F. 3743 (Nelson); S.F. 3375 (Dahle), and Senate floor amendment (Betzold)*
7. MSRS Health Care Savings Plan Creation Provision Clarified. The Health Care Savings Plan establishment provision is clarified by clearly authorizing the MSRS Executive Director to administer the plan under the direction of the MSRS Board, including setting fees and contracting with outside parties for services, and by clarifying that individuals covered by any Minnesota public plan, including a volunteer fire plan, may use the Health Care Savings Plan. *Laws 2008, Ch. 349, Art. 5, Sec. 8, 9, and 12. Source: Amendment to H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*
8. MSRS Health Care Savings Plan Contribution Provision and Plan Reimbursement Provision Clarified, and Certain Authority Removed. The Health Care Savings Plan contribution provision and plan reimbursement provision are revised by clarifying language; by replacing the word "employee" with "participant" (since some participants might be volunteers rather than employees, or could be the spouse or dependent of a deceased plan member); and by removing authority for MSRS to determine how a participating employee or employer group's assets should be invested if that employee or employer group were to request that assistance. *Laws 2008, Ch. 349, Art. 5, Sec. 10-11. Source: Amendment to H.F. 3798 (Murphy, M.); S.F. 3324 (Betzold)*

cc: House Information
 Mark Shepard, House Research
 Laura Sayles, House Majority Research
 Bob Shipman, House Minority Research
 Helen Roberts, House Fiscal Analyst
 Legislative Reference Library

Senate Information
 Tom Bottern, Senate Counsel & Research
 Krista Romportl, Senate Majority Research
 Craig Sondag, Senate Minority Research
 Kevin Lundeen, Senate Fiscal Analyst
 Ric Almer, Senate Index