



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Ed Burek, Deputy Director ^{EB}
RE: Summary of 2010 Legislative Session Pension Legislation
DATE: June 29, 2010

This memo summarizes the 2010 Legislative Session pension provisions. Most of the pension provisions passed in the Omnibus Retirement Bill, S.F. 2918 (Betzold), enacted as Laws 2010, Chapter 359. A few other provisions of relevance to the Commission passed in a budget bill, a jobs bill, a higher education policy bill, an early retirement incentive bill, or a Revisor's technical corrections bill.

The memo is divided into three major sections:

- I. **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 retirement plans, local police and paid fire retirement plans, or volunteer firefighter retirement plans.
- II. **General Pension Provisions** summarizes pension legislation applying to all public plans or to miscellaneous plan groupings.
- III. **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. Plans governed by the Minnesota State Retirement System (MSRS)

1. MSRS Plans; Revised Refund Interest Rate. The interest rate payable on all refunds provided under MSRS statutes is reduced from six percent to four percent annually for periods starting July 1, 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 5. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*

General State Employees Retirement Plan (MSRS-General)

1. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for any annuity or benefit other than a refund is increased from three years to five years.
– *Laws 2010, Ch. 359, Art. 1, Sec. 2-4, 6-7. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
2. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of the liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76-77. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
3. Deferred Annuities Augmentation Rate Revision. The rate of compound increase during the deferral period on deferred retirement annuities is reduced from the current rates (three percent before age 55 and five percent after age 54 for pre-2006 hires, and 2.5 percent at any age for post-2005 hires) to two percent, effective January 1, 2012.
– *Laws 2010, Ch. 359, Art. 1, Sec. 8-9. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
4. Erroneous Deductions Revisions; Paying Interest on Transfers to Defined Contribution Plans. The MSRS erroneous deductions provision is revised to pay 8.5 percent annual interest on any transfers to defined contribution plans to correct coverage errors, and to conform with the new erroneous membership provision, new Minnesota Statutes, Section 356.99 (*see General Pension Provisions, #4*).
– *Laws 2010, Ch. 359, Art. 2, Sec. 3. Source: Commission Document LCPR10-005.*

5. MSRS-General Amortization Date Revision. The MSRS-General amortization target date is extended from 2020 to 2040.
– *Laws 2010, Ch. 359, Art. 1, Sec. 69. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
6. Included Employee Provision Clarification. The included employee provision is revised by expanding the seasonal employee inclusion to include all seasonal employees rather than just Department of Revenue seasonal employees, and by eliminating an obsolete reference to the Metropolitan Radio Board.
– *Laws 2010, Ch. 359, Art. 2, Sec. 1. Source: Commission Document LCPR10-005.*
7. Clarification of Exclusion from MSRS-General. The MSRS-General excluded employee provision is amended to exclude employees who transfer to the Unclassified Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified).
– *Laws 2010, Ch. 359, Art. 4, Sec. 1. Source: SF 1180 (Betzold).*
8. University of Minnesota Employees; Furlough Service and Salary Credit. A new section is created to permit furloughed University of Minnesota employees to receive service and salary credit for the furloughed period. The period is considered to be a leave of absence for purposes of MSRS law, and leave of absence payment procedures apply.
– *Laws 2010, Ch. 359, Art. 15, Sec. 1. Source: House Ways and Means Amendment H3281-15A.*
9. Public Safety Health Insurance Premium Deduction Revised Procedures. The MSRS reemployed annuitant provision is revised by clarifying that if the annuity must be suspended, amounts sufficient to cover health insurance premiums deducted under Minnesota Statutes, Section 356.87, for retired public safety employees must continue and the remaining amount, after deduction of these premiums, transfers to the reemployed annuitant's savings account created under Minnesota Statutes, Section 356.47.
– *Laws 2010, Ch. 359, Art. 2, Sec. 4. Source: Commission Document LCPR10-005.*
10. Board Duties Provision Clarification. The MSRS board duties, powers provision is revised by clarifying a reference to the deferred compensation plan.
– *Laws 2010, Ch. 359, Art. 2, Sec. 2. Source: Commission Document LCPR10-005.*

Correctional State Employees Retirement Plan (MSRS-Correctional)

1. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for an annuity or benefit other than a refund is increased from the current full vesting at three years to scaled vesting, as follows: 50 percent vesting at five years, 60 percent vesting at six years, 70 percent vesting at seven years, 80 percent vesting at 8 years, 90 percent vesting at nine years, and full vesting at ten years.
– *Laws 2010, Ch. 359, Art. 1, Sec. 10-12, 14-15. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
2. Accrual Rate Reduction, New Employees. The accrual rate applicable to those who are newly hired after June 30, 2010, is revised from 2.4 percent of the high-five average salary per year of service to 2.2 percent.
– *Laws 2010, Ch. 359, Art. 1, Sec. 75. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
3. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of the liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76-77. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
4. Correction of Errors Provision Created. A new subdivision is created providing for the correction of plan membership errors in conformity with New Section 356.99.
– *Laws 2010, Ch. 359, Art. 2, Sec. 5. Source: Commission Document LCPR10-005.*
5. Repealer. Minnesota Statutes, Section 352.91, Subdivision 5, an MSRS-Correctional provision governing administrative corrections of membership errors, is repealed.
– *Laws 2010, Ch. 359, Art. 2, Sec. 19. Source: Commission Document LCPR10-005.*

Elected State Officers Retirement Plan

1. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76-77. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*

Judges Retirement Plan

1. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76 and 77. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
2. Erroneous Deductions Provision; Paying Interest on Transfers to Defined Contribution Plans. An erroneous deductions provision is created providing for the correction of plan membership errors in conformity with New Section 356.99 (*see General Pension Provisions, #4*), and the provision provides that interest will be paid (8.5 percent annually) on any transfers of employee contributions to defined contribution plans to correct coverage errors.
– *Laws 2010, Ch. 359, Art. 2, Sec. 18. Source: Commission Document LCPR10-005.*

Legislators Retirement Plan

1. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76-77. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
2. Deferred Annuities Augmentation Rate Revision. The rate of compound increase during the deferral period on deferred retirement annuities is reduced from the current rates (three percent before age 55 and five percent after age 54) to two percent, starting January 1, 2012.
– *Laws 2010, Ch. 359, Art. 1, Sec. 1. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*

State Patrol Retirement Plan

1. Revised Employee and Employer Contribution Rate Revisions. The member contribution rate is increased by two percent of salary, from 10.40 to 12.40 percent, and the employer contribution rate is increased by three percent of salary, from 15.60 percent to 18.60.
– *Laws 2010, Ch. 359, Art. 1, Sec. 16. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.) and House State Government Finance and House/Senate Finance Committee amendments.*
2. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for any annuity or benefit other than a refund is increased from three years to five years.
– *Laws 2010, Ch. 359, Art. 1, Sec. 17-19. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
3. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 1.5 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76, 81. Source: House Finance Amendment H3281-8A and Senate Finance Amendment S2918-9A.*
4. Deferred Annuities Augmentation Rate Revision. The rate of compound increase during the deferral period on deferred retirement annuities is reduced from the current rates (five, three, or 2.5 percent) to two percent, effective January 1, 2012.
– *Laws 2010, Ch. 359, Art. 1, Sec. 21. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*

5. Allowable Service Provision Revision. The allowable service provision is revised to include service for periods of authorized leave without pay and for periods of uniformed service if payments or contributions are made under procedures specified for the plan.
– *Laws 2010, Ch. 359, Art. 2, Sec. 8. Source: Commission Document LCPR10-005.*
6. Authorized Leave Service Credit Purchase Procedure. New Section 352B.013 specifies procedures for purchasing service credit under leaves of absence in the State Patrol Retirement Plan. Payments (contributions) made within one year must include interest at the equivalent of 8.5 percent annual interest. Payments made after one year require a full actuarial value payment.
– *Laws 2010, Ch. 359, Art. 2, Sec. 9. Source: Commission Document LCPR10-005.*
7. New Correction of Plan Coverage Errors Provision. A new subdivision is created providing for the correction of plan membership errors in conformity with New Section 356.99.
– *Laws 2010, Ch. 359, Art. 2, Sec. 10. Source: Commission Document LCPR10-005.*

Unclassified State Employees Retirement Program (MSRS-Unclassified)

1. MSRS-Unclassified Employee Contribution Rate Indexed to MSRS-General Rate. The Unclassified Program employee contribution rate (currently four percent), will be indexed to match the MSRS-General employee contribution rate (five percent as of July 1, 2010).
– *Laws 2010, Ch. 359, Art. 4, Sec. 10. Source: Commission Amendment S1407-6A.*
2. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76 and 77. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
3. Transfer to MSRS-General Restricted. The MSRS-Unclassified provision permitting the transfer from MSRS-Unclassified to MSRS-General at any time after ten years of covered service (except for those prohibited from transferring: elected state officers, legislators, and judges), is amended by requiring post-July 1, 2010, hires to make any permitted transfer to MSRS-General within the first seven years of service.
– *Laws 2010, Ch. 359, Art. 4, Sec. 7. Source: SF 1180 (Betzold).*
4. Interest Rate Reduced on Transfer of Assets to Unclassified Program. Employee and employer contributions transferred to MSRS-Unclassified from MSRS-General for individuals who had MSRS-General coverage and who are hired in positions covered by the Unclassified Program will transfer with six percent interest rather than 8.5 percent.
– *Laws 2010, Ch. 359, Art. 4, Sec. 8. Source: SF 1180 (Betzold).*
5. Revisions Due to New Daily Pricing of Accounts. Consistent with new daily valuation capability, “value” is redefined to be the account value at the end of the day rather than at the end of the month; the asset withdrawal provision is amended to be consistent with daily rather than monthly valuation of accounts; and the plan annuity and disability benefit provisions are revised to accrue the day after receipt of a valid application or the day following termination of employment, whichever is later, rather than at the start of the next full month.
– *Laws 2010, Ch. 359, Art. 4, Sections 4, 11, 13, 14. Source: SF 1180 (Betzold).*
6. Retention of Coverage Provision Closed to New Hires. An MSRS-Unclassified coverage upon employment change provision which permits certain individuals in MSRS-Unclassified to remain in the program if the position held is deleted from coverage is revised to apply only to those in the program before July 1, 2010.
– *Laws 2010, Ch. 359, Art. 4, Sec. 6. Source: SF 1180 (Betzold).*
7. Clarification of Exclusion from MSRS-General. The MSRS-General excluded employee provision is amended to exclude employees who transfer to MSRS-Unclassified.
– *Laws 2010, Ch. 359, Art. 4, Sec. 1. Source: SF 1180 (Betzold).*
8. Clarification of General Fund Definition. The “general fund” definition in MSRS-Unclassified is clarified by referencing MSRS-General under Minnesota Statutes, Chapter 352.
– *Laws 2010, Ch. 359, Art. 4, Sec. 2. Source: SF 1180 (Betzold).*

9. Addition of General Plan Definition. A definition of the MSRS-General plan is added to the MSRS-Unclassified chapter.
– *Laws 2010, Ch. 359, Art. 4, Sec. 3. Source: SF 1180 (Betzold).*
10. Correction of Plan Name in Transfer Provision. An MSRS-Unclassified transfer of contribution provision is revised by correcting the name of the MSRS-General plan.
– *Laws 2010, Ch. 359, Art. 4, Sec. 5. Source: SF 1180 (Betzold).*
11. Revised Requirements for Selecting Investment Options. The MSRS-Unclassified investment selection provision is revised to have members select investment options in a manner provided by the executive director rather than in writing on a provided form, and by eliminating references to guaranteed investment contracts.
– *Laws 2010, Ch. 359, Art. 4, Sec. 9. Source: SF 1180 (Betzold).*
12. Technical Correction of Plan Name, Refund Repayment Provision. The MSRS-Unclassified repayment of refund provision is amended by correcting the reference to MSRS-General.
– *Laws 2010, Ch. 359, Art. 4, Sec. 12. Source: SF 1180 (Betzold).*
13. Alternative Delivery of Plan Prospectus. The executive director is authorized to make the investment prospectus available by electronic means rather than requiring the delivery of hard copies, although a hard copy will be sent to those who request it.
– *Laws 2010, Ch. 359, Art. 4, Sec. 15. Source: SF 1180 (Betzold).*
14. Administrative Fee Cap Removed. The MSRS-Unclassified administrative fees provision is revised by removing the cap on the fees, currently capped at one-tenth of one percent of assets due to post-June 30, 1992, contributions and investment returns.
– *Laws 2010, Ch. 359, Art. 4, Sec. 16. Source: SF 1180 (Betzold).*

Minnesota State Retirement System Privatized Employees, Chapter 352F

1. Revised Refund Interest Rate. The interest rate payable on refunds is revised from six percent to four percent annually for periods starting July 1, 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 22. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*

B. Plans governed by the Public Employees Retirement Association (PERA)

1. PERA Plans; Deferred Annuities Augmentation Changes. The rate of compound increase during the deferral period on deferred annuities is reduced from the current rates (five percent, three percent, or 2.5 percent) to one percent after December 31, 2011, and there will be no augmentation for new deferred annuities after December 31, 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 42. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
2. PERA Plans; Revised Refund Interest Rate. The interest rate payable on all refunds provided under PERA statutes is reduced from six percent to four percent annually for periods starting July 1, 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 29, 32-33. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*

General Employee Retirement Plan (PERA-General)

1. Revised Employee and Employer Contribution Rates and Contribution Rate Revision Provision.
 - a. Revised Employee and Employer Contribution Rates. The coordinated member employee and employer contribution rates are increased from six percent to 6.25 percent of salary.
 - b. Modification of Contribution Rate Revision Provision. The PERA-General automatic contribution rate revision provision, which permitted employee and employer contribution rates to be revised by 0.25 percent of pay to address a contribution rate deficiency or sufficiency, is revised by having increases/decreases of 0.25 percent of pay apply only if the contribution rate deficiency/sufficiency is less than two percent; and by permitting increases/decreases of 0.5 percent of pay if the deficiency/sufficiency is greater than 1.99 percent and less than 4.0 percent; and increases/decreases of 0.75 percent of pay if the deficiency/sufficiency is 4.0 percent or more. New language is added requiring the study and possible revision of actuarial assumptions before considering any reduction in contributions to eliminate a sufficiency of one percent or more; no contribution sufficiency in excess of

- one percent may be proposed to be used to increase benefits; and no benefit increase may be proposed that would initiate a contribution rate adjustment under this provision.
– *Laws 2010, Ch. 359, Art. 1, Sec. 24-26. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
2. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for any annuity or benefit other than a refund is increased from three years to five years.
– *Laws 2010, Ch. 359, Art. 1, Sec. 23, 27-28, 30-31, 34. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
 3. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 to 1.0 percent. Benefit recipients in receipt for less than one year receive prorated adjustments.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76, 78. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
 4. Correction of Plan Coverage Errors Revision. The PERA deductions or contributions transmitted in error provision is amended to permit interest to be paid on amounts transmitted to defined contribution plans and by requiring transfers between defined benefit plans to correct plan membership coverage errors to conform with new Minnesota Statutes, Section 356.99.
– *Laws 2010, Ch. 359, Art. 2, Sec. 11. Source: Commission Document LCPR10-005.*
 5. Erroneous Receipts/Disbursements Provision Revised, Change in Party to Pay Interest. The adjustments for erroneous receipts provision is revised to have PERA, rather than the employer, pay any employee refund and interest to the employee due to excess erroneous contributions.
– *Laws 2010, Ch. 359, Art. 5, Sec. 10. Source: Commission Document LCPR10-008 (Betzold).*
 6. Public Employee Definition Clarification. The definition of “public employee” is revised by clarifying that the term includes public officers not otherwise excluded by other plan provisions.
– *Laws 2010, Ch. 359, Art. 5, Sec. 1. Source: Commission Document LCPR10-008 (Betzold).*
 7. Included Employee Definition Clarification. The definition of “included employee” is revised by clarifying that the term includes elected county sheriffs; town and city clerk or treasurer; county auditor, treasurer, or recorder; and a city manager who does not choose the option to be excluded; emergency management director, public physicians who do not elect defined contribution plan coverage; full-time Dakota County Agricultural Society employees; and employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not covered by the local relief association.
– *Laws 2010, Ch. 359, Art. 5, Sec. 2. Source: Commission Document LCPR10-008 (Betzold).*
 8. Excluded Employee Definition. The definition of “excluded employee” is revised by excluding city mayors from PERA-General coverage; by clarifying that employees of the Hennepin County Healthcare System who are on a work permit and whose employment is extended beyond three years remain excluded from the plan if the minimum salary threshold for membership (salary in excess of \$425 in a month) is not met; by excluding persons serving on boards or commissions of governmental subdivisions; and by stating that independent contractor status does not apply to any person performing a government function that by law of local ordinance is required of a public officer.
– *Laws 2010, Ch. 359, Art. 5, Sec. 3. Source: Commission Document LCPR10-008 (Betzold).*
 9. Periodic/Repetitive Leave Contributions to Based on Pay Without Overtime. The periodic/repetitive leave provision within the allowable service definition is revised to exclude overtime pay from the average salary used to determine the contributions.
– *Laws 2010, Ch. 359, Art. 5, Sec. 5. Source: SF 2474 (Betzold); HF 2739 (Murphy, M.).*
 10. Leave Service Credit Purchase Procedure Revised to Exclude Overtime Pay. The PERA leave of absence service credit purchase provision is revised to exclude overtime pay from the salary base used in computing allowable service credit payment amounts for various authorized leaves of absence.
– *Laws 2010, Ch. 359, Art. 5, Sec. 6. Source: SF 2474 (Betzold); HF 2739 (Murphy, M.).*
 11. New Service Credit Purchase Provision for Periods of Reduced Salary. New Section 353.0162 is added to PERA statutes replacing the similar service/salary credit purchase workers’ compensation provision. The new provision is based on the previous provision but differs by excluding overtime pay from the salary used to compute the contributions, and by expanding the procedure to also apply to partial paid medical leaves and partial paid leaves due to a budgetary

or salary savings programs offered or mandated by a governmental subdivision. Payments are based on the contribution rates in the applicable PERA plan and the difference between the partial salary received during the leave or break in service and the salary, excluding overtime, received during the six-month period prior to the leave or break in service.

– *Laws 2010, Ch. 359, Art. 5, Sec. 7. Source: SF 2474 (Betzold); HF 2739 (Murphy, M.).*

12. University of Minnesota Employees; Furlough Service and Salary Credit. A new section is created to permit furloughed University of Minnesota employees to receive service and salary credit for the furloughed period. The period is considered to be a leave of absence for purposes of PERA law, and leave of absence payment procedures apply.
– *Laws 2010, Ch. 359, Art. 15, Sec. 2. Source: House Ways and Means Amendment H3281-15A.*
13. Post Retirement Option Program Revisions; Extension of Program. The Post Retirement Option Program duration provision is revised by permitting renewals after the person attains Social Security normal retirement age and by clarifying the number of permitted renewals (not to exceed four), and the program will sunset on June 30, 2014, rather than on June 30, 2011.
– *Laws 2010, Ch. 359, Art. 5, Sec. 12, 27. Source: Commission Document LCPR10-008 (Betzold).*
14. Revised Salary Increase Actuarial Assumption. The PERA-General age-related select and ultimate future salary increase actuarial assumption is replaced by a service-related salary increase actuarial assumption, and the payroll growth assumption is revised from 4.5 percent annual growth to 4.0 percent.
– *Laws 2010, Ch. 359, Art. 1, Sec. 68. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
15. Public Safety Health Insurance Withholding Procedure Revision. The reemployed annuitant provision is revised by clarifying that if an annuity must be suspended, amounts sufficient to cover health insurance premiums deducted under Minnesota Statutes, Section 356.87, for retired public safety employees must continue and the remaining amount, after deduction of these premiums, transfers to the reemployed annuitant's savings account created under Minnesota Statutes, Section 356.47.
– *Laws 2010, Ch. 359, Art.2, Sec. 12. Source: Commission Document LPCR10-005.*
16. Revised Employer Reporting Requirements and Fines. The PERA employer reporting requirements/member status provision is revised to:
 - a. Clarify that the requirements apply to all PERA plans.
 - b. Specify a 30-day time limit before interest will be charged on delinquent employee and employer contributions.
 - c. Specify that salary deduction reports are due within 14 days of the pay date or a \$5 per calendar day penalty will be applied.
 - d. Specify that salary data reports must include data on reemployed annuitants and any reemployed disabilitants.
 - e. Create a \$25 fine for failure to report membership data.
 - f. Authorize PERA to review employer payroll records. If the employer fails to provide the requested payroll records, the employer is responsible to pay any PERA field audit expenses, including staff salaries, administrative expenses, and travel expenses.– *Laws 2010, Ch. 359, Art. 5, Sec. 9. Source: Commission Document LCPR10-008 (Betzold).*
17. Exclusion Report Revision, Creating Fine for Not Reporting. The exclusion report provision, which requires an annual report from employers listing individuals occupying positions normally covered by PERA who for various reasons are not covered by the plan, is revised by creating a \$25 fine for employer failure to provide the report.
– *Laws 2010, Ch. 359, Art. 5, Sec. 11. Source: Commission Document LCPR10-008 (Betzold).*
18. Board Election/Management/Composition Provision Revised. The board election provision is clarified by specifying that the terminated employee board seat must be filled by a PERA annuitant rather than by a deferred annuitant; and by revising board election provisions to make use of electronic mail and the Internet rather than being restricted to using regular mail.
– *Laws 2010, Ch. 359, Art. 5, Sec. 8. Source: Commission Document LCPR10-008 (Betzold).*
19. Special Law Correction of Errors Provision Revisions, Adding City of Virginia. A special law provision enacted in 2009 specifying a procedure to correct erroneous employee deductions and employer contributions and to adjust benefit overpayments applicable to the City of Duluth and the Duluth Airport Authority is revised by requiring any refund of excess employee contributions to active employees to be directly paid by PERA rather than having that money transmitted to the

employer who would then refund the amount to the employee; and by making these special law provisions also apply to the City of Virginia upon local approval.

– *Laws 2010, Ch. 359, Art. 5, Sec. 25-26. Source: Commission Document LCPR10-008 and Revisor’s Correction; Senate Gov Op Amendment A10-2334.*

20. Special Law; Service Credit Purchase, Inver Grove Heights School District Employee. An Independent School District No. 199 (Inver Grove Heights) employee is authorized to make a service credit purchase in PERA-General for the August 26, 1985 to September 1, 1986, period, due to a school district failure to report the individual for PERA-General coverage. To receive the service credit, the person pays employee contributions plus interest and the school district pays the remainder of the full actuarial value.
– *Laws 2010, Ch. 359, Art. 14, Sec. 1. Source: Commission Document LCPR09-070 (Atkins).*
21. Repealer, Obsolete Service Credit Savings Clause. Minnesota Statutes, Section 353.46, Subdivision 1a, a PERA purchase of allowable service savings clause applicable to individuals who purchased service credit for services provided in 1957, is repealed.
– *Laws 2010, Ch. 359, Art. 5, Sec. 28. Source: Commission Document LCPR10-008 (Betzold).*

Provisions Related to the Minneapolis Employees Retirement Fund (MERF) Administrative Consolidation into PERA-General

1. PERA Included/Excluded Employees Provisions Revised to Reference MERF Members. The PERA included employee definition is revised to include members of the MERF division created in PERA and the excluded employee definition is revised by removing the reference to MERF-covered employees.
– *Laws 2010, Ch. 359, Art. 11, Sec. 1-2. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
2. MERF Division and MERF Division Account Definitions Created. The PERA definition section is revised by adding a definition of the MERF division, meaning the separate retirement plan within PERA-General governed by MERF plan laws, and the MERF division account is defined as the account within PERA containing MERF’s assets and liabilities.
– *Laws 2010, Ch. 359, Art. 11, Sec. 3-4. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
3. Custodian of Funds Provision Revised. The PERA custodian of funds provision is revised in recognition that PERA will be administering the MERF plan and its assets.
– *Laws 2010, Ch. 359, Art. 11, Sec. 5. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
4. PERA/SBI Investment Provision Revised. The PERA/State Board of Investment retirement funds investment provision is revised to clearly give State Board of Investment authority to invest the MERF account assets within PERA.
– *Laws 2010, Ch. 359, Art. 11, Sec. 6. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
5. PERA-General Retirement Fund Provision Revised. The PERA-General retirement fund provision is revised to:
 - a. Include the MERF division account in the general employees retirement fund provision and providing for its revenues (existing assets, new contributions, aid, and investment return) and disbursements (payment of expenses, annuities, and benefits).
 - b. Clarify that the existing law member contribution provision, employer contribution provision, and employer additional contribution provision applies to PERA-General members and their employing units, and not to the MERF account.
 - c. Clarify that the PERA employee and employer contribution rate change authority applies to PERA-General and not the MERF division, and excludes the MERF division actuarial results from the contribution change trigger mechanism.
 - d. Clarify that the employer reporting requirements provision applies to PERA-General and to the Public Employees Police and Fire Retirement Plan (PERA-P&F), and not to the MERF account.
 - e. Clarify that the erroneous receipts or disbursements provision applies to PERA-General and PERA-P&F, and not to the MERF account.
 - f. Clarify that the erroneous deductions transmission provision applies to PERA-General, PERA-P&F, and PERA-Correctional.
 - g. Provide that the recovery of overpayments provision applies to PERA-General, PERA-P&F, and PERA-Correctional.
 - h. Clarify that the current provision governing the timing of contributions by elected or appointed public employees, who are members of PERA-General for their service, applies PERA-General.
 - i. Clarify that the current employer exclusion report provision applies to PERA-General.

- j. Specify that the current payroll data request response provision, omitted salary deduction collection provision, terminated employee omitted deduction provision, retiring member omitted deduction provision, canceled warrants provision, and uncovered pre-membership service credit acquisition provision apply to PERA-General, PERA-P&F, and PERA-Correctional.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 7. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
6. Refund or Deferred Annuity Provision Revised. The terminated employee refund or deferred annuity provision is clarified to also apply to the MERF division.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 8. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
7. Additions to Fund Provision Revised. The current additions to fund (through donations, gifts, bequests) provision is clarified by indicating it applies to PERA-General.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 9. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
8. Revision to Reemployed Annuitant Provision. The reemployed annuitant provision (the subdivisions dealing with reemployed annuitant maximum exempt salary limits, suspension or reduction of annuity, resumption of annuity, and effect on annuity) is clarified to apply to PERA-General, PERA-P&F, and PERA-Correctional, but not to the MERF division.
 – *Laws 2010, Ch. 359, Art. 11, Sections 10-14. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
9. Deferred Annuitant Rights Provision Clarified. The deferred annuitant annuity entitlement provision is clarified to apply to PERA-General, the MERF division, PERA-P&F, and PERA-Correctional.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 15. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
10. Deferred Annuitant Rights Provision Revision. The current benefit computation provision for former consolidated MERF coordinated program members is restructured and revised to accommodate the creation of a MERF division in PERA.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 16. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
11. New Section: MERF Consolidation Account Establishment and Operation. New Minnesota Statutes, Section 353.50, establishes the MERF account and its administration, as follows:
- The MERF division and MERF division consolidation account are to be administered by PERA.
 - The current MERF membership, liabilities and service credit, records, and asset legal title are transferred to the MERF division.
 - The member and employer contributions to MERF division are specified, basing the employee and employer contribution amounts on existing MERF law except that the minimum total employer contributions is \$27 million with a maximum of \$34 million, and if additional amounts are needed to cover benefit payouts the employers must provide sufficient assets to cover those obligations.
 - The PERA board is permitted to enter into an agreement with any MERF employing unit to permit that employer to transfer sufficient assets to PERA to pay off the unfunded liability of its employees, allowing those permitting the employees to become PERA members rather than MERF account members.
 - The legislation provides for an eventual full consolidation of the MERF division and MERF account into PERA-General when the MERF division is 80 percent funded, with specifications for determining contributions to retire the remaining unfunded.
- *Laws 2010, Ch. 359, Art. 11, Sec. 17. Source: SF 2644 (Betzold); HF 2922 (Thissen); House Finance Amendment H3281-12A and House Ways and Means Amendment H3281-14A.*
12. Metropolitan Airports Commission Public Safety Employees Exemption Provision Updated. An outdated retirement coverage exemption for Metropolitan Airports Commission police and firefighters is revised to reflect that MERF no longer exists separately from PERA.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 18. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
13. MERF Removed from Interest and Salary Economic Assumption Provision. Because it no longer exists as a free-standing entity, MERF is removed from the interest and salary assumption provision in Minnesota Statutes, Chapter 356.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 19. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
14. Amortization Contribution Provision Revised. The amortization contribution provision in Minnesota Statutes, Chapter 356, is revised by eliminating references to MERF, by implementing a 2031 amortization date for the MERF division, and by clarifying that the amortization provisions applicable to PERA do not include the MERF division.
 – *Laws 2010, Ch. 359, Art. 11, Sec. 20. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

15. Increased State Contributions to MERF Division. This provision is misdrafted and will require clarification by the next Legislature. As drafted, the provision requires that state aid to MERF is redirected to the MERF account within PERA, and that that aid should remain at its current level (\$9 million plus the cost of supplemental benefits) through June 30, 2012. But later language states that an additional \$13.75 million will be provided on September 15, 2011, which is earlier than the June 30, 2012, date. Another additional \$13.75 million is to be paid on September 15, 2012, and \$15 million annually thereafter until the full funding date, September 15, 2031. The wording in question (Laws 2010, Ch. 359, Art. 11, Sec. 21, on page 177, lines 13 to 18), reads:

The annual state contribution under this subdivision may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the cost of the annual supplement benefit determined under Minnesota Statutes, 2008, section 356.43, plus \$13,750,000 on September 15, 2011, \$13,750,000 on September 15, 2012, and \$15,000,000 on September 15, 2013, and annually thereafter.

The provision will also be moved from the MERF chapter (422A) to the PERA chapter (353).

– *Laws 2010, Ch. 359, Art. 11, Sect. 21, 26. Source: SF 2644 (Betzold); HF 2922 (Thissen), as revised by the conference committee.*

16. PERA Coverage Provision Revised for Conformity. A PERA coverage provision applicable to Minneapolis employees is revised by removing obsolete references to MERF and to the Minneapolis Teachers Retirement Fund Association (MTRFA), since they no longer exist. The provision will also be moved from the MERF chapter (422A) to the PERA chapter (353).

– *Laws 2010, Ch. 359, Art. 11, Sec. 22, 26. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

17. Determination Procedure for MERF Division Actuarial Assumptions. An uncoded section is included requiring the MERF actuary to compare and review the July 1, 2010, PERA actuarial valuation assumptions with those used in the July 1, 2009, MERF actuarial valuation report. The MERF actuary is to recommend to the PERA actuary the actuarial assumptions deemed appropriate for the MERF division. PERA and its actuary will then seek the necessary changes.

– *Laws 2010, Ch. 359, Art. 11, Sec. 23. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

18. Continuation of MERF Association Permitted. The MERF Association is permitted to continue in operation following the MERF administrative consolidation, but does not entitle the MERF Association to any tax-derived revenue and does not obligate PERA to extend any special privileges to the MERF Association.

– *Laws 2010, Ch. 359, Art. 11, Sec. 24. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

19. Disposition of MERF Employees. An existing MERF employee is transferred to the City of Minneapolis and another MERF employee transfers to PERA unless the employee elects to take a severance payment in lieu of a transfer.

– *Laws 2010, Ch. 359, Art. 11, Sec. 25. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

20. Repealers. Other than provisions that are moved to the PERA chapter, the majority of the MERF chapter is repealed, along with some MERF-specific provisions in other statute chapters.

– *Laws 2010, Ch. 359, Art. 11, Sec. 27. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

21. Elimination of References or Cross-References to MERF. Numerous statutory provisions are revised by eliminating references to the Minneapolis Employees Retirement Fund or cross-references to MERF statutes, or by identifying the relevant organization as the MERF division rather than MERF, or by indicating that PERA is the successor of MERF and citing PERA provisions rather than the obsolete MERF provisions. In some cases, revisions in these sections also include changes of a technical nature involving entities other than MERF. The sections in Minnesota statutes in which these MERF deletions or revisions are made are:

- 6.67, Public Accountants; Reports of Possible Misconduct;
- 13D.01, Subdivision 1, provision of the Open Meeting Law specifying covering application to state and local government units
- 43A.17, Subdivision 9, a political subdivision compensation limit provision;
- 69.011, Subdivision 1, a definition provision;
- 69.021, Subdivision 10, reduction in police state aid apportionment;
- 69.031, Subdivision 5, deposit of state aid;
- 126C.41, Subdivision 3, a retirement levies provision;
- 256D.21, Continuation of Benefits; Former Minneapolis Employees;
- 352.01, Subdivision 2b, the MSRS excluded employees provision;
- 354.71, MERF State Aid Rededication;
- 354A.011, Subdivision 27, the first class city teacher plan definition of “teacher;”

- 354A.39, Service in Other Retirement Funds; Annuity;
 - 356.20, Subdivision 2, a financial reporting covered plans provision;
 - 356.214, Subdivision 1, an actuary retention provision;
 - 356.30, Subdivision 3, the combined service annuity covered plans provision;
 - 356.302, Subdivision 1, the combined service disability definition provision;
 - 356.302, Subdivision 7, the combined service disability covered plans provision;
 - 356.3030, Subdivision 4, the combined service survivor benefit covered plan provision;
 - 356.32, Subdivision 2, the proportionate-annuity-at-age-65 covered plan provision;
 - 356.401, Subdivision 3, the exempt from process covered plan provision;
 - 356.407, Subdivision 2, the restoration of survivor benefits covered plans provision;
 - 356.415, Subdivision 2, the post retirement adjustments; statewide plans covered plans provision;
 - 356.465, Subdivision 3, the supplemental needs trust statewide covered plans provision;
 - 356.64, real estate investments;
 - 356.65, Subdivision 2, a disposition of abandoned accounts provision;
 - 356.91, voluntary membership dues deduction;
 - 475.52, Subdivision 6, a bond issues provision; and
 - 480.181, Subdivision 2, an election of insurance provision.
- *Laws 2010, Ch. 359, Art. 12, Sec. 1, 3-4, 6-11, 19-21, 23-32, 34-37, 41-42. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

22. Correcting PERA References. The changes in the following provisions from Article 12 are technical, consisting largely or entirely of correcting the name of the PERA-General fund or plan, or the name of the association:
- 11A.23, Subdivision 4, an SBI investment of retirement funds covered plan provision;
 - 353.03, Subdivision 1, the PERA board management, composition provision;
 - 353.71 Subdivision 4, a PERA refund repayment provision;
 - 353.86, Subdivision 1, a volunteer ambulance service personnel PERA participation provision;
 - 353.86 Subdivision 2, a volunteer ambulance service personnel PERA election provision;
 - 353.87 Subdivision 1, a volunteer firefighter PERA participation provision;
 - 353.87 Subdivision 2, a volunteer firefighter PERA option provision;
 - 353.88, a PERA membership miscertification provision;
- *Laws 2010, Ch. 359, Art. 12, Sections 2, 12-18. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
23. Public Employees Insurance Program Revised for Conformity. The Public Employees Insurance Program continuation of coverage provision is revised conform to the creation of the MERF division and the end of MERF as a separate organization.
- *Laws 2010, Ch. 359, Art. 12, Sec. 5. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
24. Optional Medicare Coverage Agreement Provision Revision. A Medicare coverage agreement provision in Minnesota Statutes, Chapter 355, is revised to clarify that former MERF members are PERA-General members for benefit coverage and not for Social Security coverage, maintaining their basic program status.
- *Laws 2010, Ch. 359, Art. 12, Sec. 22. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
25. Deletion of Cross-Reference to Repealed MERF Supplemental Lump Sum Benefit Provision. A cross-reference to Minnesota Statutes, Section 356.43, a repealed MERF supplemental lump sum benefits provision, is removed from a lump-sum post-retirement payment conversion provision.
- *Laws 2010, Ch. 359, Art. 12, Sec. 33. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
26. Correction of Cross-References Major Pension Plan Appeal Procedure. Cross-references in the MSRS, PERA, TRA appeals procedure definition provision. Minnesota Statutes, Section 356.96, Subdivision 1. are revised to conform to changes in an investment financial reporting provision due to the deletion of MERF.
- *Laws 2010, Ch. 359, Art. 12, Sec. 38. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
27. Metropolitan Government Sewer Employees Provision Revised by Removing MERF Reference. A metropolitan government sewer employees provision is revised by removing reference to MERF in a 1994 plan coverage membership election provision.
- *Laws 2010, Ch. 359, Art. 12, Sec. 39. Source: SF 2644 (Betzold); HF 2922 (Thissen).*
28. Metropolitan Airports Commission Mandatory Retirement Age Provision Amended. A Metropolitan Airports Commission employee appointment provision is revised by eliminating an obsolete mandatory retirement age procedure that referenced MERF and other plans.
- *Laws 2010, Ch. 359, Art. 12, Sec. 40. Source: SF 2644 (Betzold); HF 2922 (Thissen).*

Local Government Correctional Employees Retirement Plan (PERA-Correctional)

1. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for any annuity or benefit other than a refund is increased from full vesting at three years to scaled vesting, as follows: 50 percent vesting at five years, 60 percent vesting at six years, 70 percent vesting at seven years, 80 percent vesting at 8 years, 90 percent vesting at nine years, and full vesting at ten years.
– *Laws 2010, Ch. 359, Art. 1, Sec. 23, 43-46. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
2. Post-Retirement Adjustment Provision Revision. Until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of the liabilities, the annual post-retirement adjustment rate is reduced from 2.5 to 1.0 percent. Benefit recipients in receipt for less than one year receive prorated adjustments.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76, 78. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*

PERA Privatized Employees Chapter (Chapter 353F)

1. Coverage Expansion. The privatized employee chapter medical facility inclusion provision is expanded to include the Chris Jenson Health and Rehabilitation Center in St. Louis County, the Douglas County Hospital Mental Health Unit, and Wheaton Community Hospital.
– *Laws 2010, Ch. 359, Art. 5, Sec. 17. Source: Commission Document LCPR10-008 (Betzold).*
2. Revised Criteria for Privatized Chapter Inclusion. The privatized employee chapter eligibility determination procedure is revised by adding a definition of net loss under a privatization and by authorizing PERA to recommend inclusion of a privatization under the chapter if the employer provides a lump sum payment to PERA sufficient to eliminate the expected net loss.
– *Laws 2010, Ch. 359, Art. 5, Sec. 18-19. Source: Commission Document LCPR10-008 (Betzold).*
3. Vesting Provision Conforming Change. A special vesting provision permitting payment despite not meeting vesting requirement under PERA law is revised to cross-reference the newly enacted vesting changes.
– *Laws 2010, Ch. 359, Art. 1, Sec. 47. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*

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

1. Revised Employee and Employer Contribution Rates. The PERA-P&F employee contribution rate is increased from 9.4 percent to 9.6 percent of salary and the employer contribution rate is increased from 14.1 percent of pay to 14.4 percent of pay, starting January 1, 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 35-36. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
2. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for any annuity or benefit, other than a refund, is increased from full vesting at three years to scaled vesting, as follows: 50 percent vesting at five years, 60 percent vesting at six years, 70 percent vesting at seven years, 80 percent vesting at 8 years, 90 percent vesting at nine years, and full vesting at ten years.
– *Laws 2010, Ch. 359, Art. 1, Sec. 23, 37-40. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.).*
3. Post-Retirement Adjustment Provision Revision. The annual post-retirement adjustment in 2011 and 2012 will be one percent. Until financial stability is achieved, defined as when the actuarial value of the fund is at least 90 percent of liabilities, the annual post-retirement adjustment rate is reduced from 2.5 to an inflation match, but not to exceed 1.5 percent. When financial stability is achieved, the inflation match may not exceed 2.5 percent. Benefit recipients in receipt for less than one year receive prorated adjustments.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76, 79. Source: SF 2631 (Betzold); HF 2999 (Murphy, M.), and Commission Amendment S2573-3A, related to SF2672 (Betzold).*
4. Repealer. Minnesota Statutes, Section 353.88, a PERA/PERA-P&F provision penalizing employers which incorrectly classify public employees as police officers for PERA-P&F membership, is repealed.
– *Laws 2010, Ch. 359, Art. 2, Sec. 19. Source: Commission Document LCPR10-005.*

Public Employees Defined Contribution Plan

1. Expansion of Eligibility. The eligibility provision is revised by extending eligibility to elected county sheriffs who are receiving PERA-P&F annuities and to persons serving on boards and commissions of governmental subdivisions.
– *Laws 2010, Ch. 359, Art. 5, Sec. 13. Source: Commission Document LCPR10-008 (Betzold).*
2. Consolidation of Contribution Provisions. The local government official contribution provision is revised to make the provision more general, by applying to other classes who elect this coverage with an identical contribution rate (five percent of salary), including public physicians and persons serving on boards and commissions of governmental subdivisions.
– *Laws 2010, Ch. 359, Art. 5, Sec. 14. Source: Commission Document LCPR10-008 (Betzold).*
3. Account Crediting Provision Clarification. The account crediting provision is revised for clarity.
– *Laws 2010, Ch. 359, Art. 5, Sec. 15. Source: Commission Document LCPR10-008 (Betzold).*
4. Repealers. Minnesota Statutes, Section 353D.03, Subdivision 2, a Public Employees Defined Contribution Plan public physician contribution rate provision that is moved to another provision, is repealed effective the day after final enactment. Minnesota Statutes, Section 353D.12, a Public Employees Defined Contribution Plan provision permitting elected officials to make prior contributions for elected service that was performed before June 30, 1991, is repealed effective July 1, 2011.
– *Laws 2010, Ch. 359, Art. 5, Sec. 28. Source: Commission Document LCPR10-008 (Betzold).*

Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan

1. Municipal Report Provision Revised. A municipal report provision in Minnesota Statutes, Chapter 69, requiring municipalities without local volunteer firefighter relief associations to file annual financial reports with the State Auditor on receipts and disbursements of fire state aid, is clarified by stating that the filing requirement does not apply to municipalities participating in the voluntary statewide plan and which comply with its requirements.
– *Laws 2010, Ch. 359, Art. 6, Sec. 1. Source: Commission Document LCPR09-080.*
2. Election of Coverage Provision Modified to Cover Defined Contribution Plans. The election of coverage provision, as it relates to defined contribution plans, is revised by stating that the service pension level cost estimate for an association contemplating coverage by the voluntary statewide volunteer fire plan is the service pension amount of the available levels that is closest to 95 percent of the current average account balance of the defined contribution plan members.
– *Laws 2010, Ch. 359, Art. 6, Sec. 2. Source: Commission Document LCPR09-080.*
3. Elimination of Additional Contribution Requirement for Drop in Value Prior to Joining Statewide Plan. A special additional municipal contribution to offset any decline in the asset value of the relief association special fund prior to joining the statewide plan is eliminated.
– *Laws 2010, Ch. 359, Art. 6, Sec. 3. Source: Commission Document LCPR09-080.*
4. Disbursements provision Revised. The statewide plan finding/disbursements provision is revised by creating subdivisions, by adding a special municipal contribution requirement if a statewide plan account has insufficient assets to cover current benefit payments, and by authorizing disbursements to cover disability benefit insurance premiums.
– *Laws 2010, Ch. 359, Art. 6, Sec. 4. Source: Commission Document LCPR09-080.*
5. Alternative Pension Eligibility and Computation Provision Revised to Accommodate Members Previously Covered by Defined Contribution Plan. For state plan members who previously were covered by local defined contribution plans and who retire within five years of commencing coverage under the statewide plan, the alternative service pension amount is the retiring member's account balance as of first coverage by the statewide plan plus six percent annual compound interest from that date until retirement.
– *Laws 2010, Ch. 359, Art. 6, Sec. 5. Source: Commission Document LCPR09-080.*
6. Revision of Pension Benefit Level Options. The service pension benefit level provision is revised by eliminating the \$750 service pension level and by adding \$600, \$700, \$800, \$900, and \$1,250 service pension levels. If a municipality had chosen the \$750 benefit level, that level is grandfathered in until the municipality selects another level.
– *Laws 2010, Ch. 359, Art. 6, Sec. 6, 7. Source: Commission Document LCPR09-080.*

7. Disability Benefit Coverage Authorized. The PERA board is authorized to contract with a licensed insurance company to provide group disability insurance coverage for the statewide plan, to make disbursements to cover the premiums, and to add proportional amounts to the required plan municipal contributions.
– *Laws 2010, Ch. 359, Art. 6, Sec. 8. Source: Commission Document LCPR09-080.*
8. Clarification of Municipality Authorized Disbursement Provision. A municipality authorized disbursements provision in Minnesota Statutes, Chapter 424A, is clarified by stating, for any municipality without a volunteer firefighter relief association which uses statewide plan coverage, any fire state aid received must be transmitted to the statewide plan fund.
– *Laws 2010, Ch. 359, Art. 6, Sec. 9. Source: Commission Document LCPR09-080.*

C. Teachers Retirement Association (TRA)

1. Revised Employee /Employer Contribution Rates and New Contribution Adjustment Provision.
 - a. Employee Contribution Rates. The basic member employee contribution rate is increased from 9.0 percent of salary in one-half of one percent annual increases, starting July 1, 2011, ending with an 11.0 percent rate on and after June 30, 2014. The coordinated member employee contribution rate is increased from 5.5 percent of salary in one-half of one percent annual increases, starting July 1, 2011, ending with a 7.5 percent rate on and after June 30, 2014.
 - b. Employer Contribution Rates. The basic member employer contribution rate is increased from 9.5 percent of salary in one-half of one percent annual increases, starting July 1, 2011, ending with an 11.5 percent rate after June 30, 2014. The coordinated member employer contribution rate is increased from 5.5 percent of salary in one-half of one percent annual increases, starting July 1, 2011, ending with a 7.5 percent rate on and after June 30, 2014.
 - c. Contribution Adjustment Provision Added. A new contribution adjustment procedure is added to TRA law, specifying the following changes to be applicable after June 30, 2015:
 - 1) Contribution Sufficiencies. If the actuarial valuation indicates a sufficiency of at least one percent persisting for two consecutive years, the contribution rates may be decreased to eliminate any sufficiency in excess of one percent of payroll. TRA must determine whether actuarial assumptions need to be revised before considering any reduction in contributions to eliminate a sufficiency of one percent or more; no contribution sufficiency in excess of one percent may be proposed to be used to increase benefits; and no benefit increase may be proposed that would initiate a contribution rate adjustment under this provision.
 - 2) Contribution Deficiencies. If the actuarial valuation indicates a deficiency of at least 0.25 percent persisting for two consecutive years, the contribution rates may each be increased by 0.25 percent if the deficiency is less than 2.0 percent of payroll, by 0.5 percent if the deficiency is from 2.0 to 4.0 percent of covered payroll, and by 0.75 percent if the deficiency is greater than four percent of payroll.
 - 3) Proposed Contribution Increase or Decrease. TRA must report any intention to revise contribution rates to the chair and Executive Director of the Legislative Commission on Pensions and Retirement by February 1, and if the Commission does not recommend against the change or modify it, the revised rates will be implemented as of the next July 1.
 - 4) Definitions. For purposes of the contribution adjustment procedures, definitions of contribution deficiency (contributions which are less than actuarially required contributions) and contribution sufficiency (contributions exceeding actuarially required contributions) are added to the TRA chapter.
– *Laws 2010, Ch. 359, Art. 1, Sec. 48-53. Source: SF 2499 (Betzold); HF 2953 (Murphy, M.).*
2. Post-Retirement Adjustment Provision Revision and Two-Year Suspension. TRA will provide no post-retirement adjustment in 2011 and 2012. In 2013 and thereafter until financial stability is achieved, defined as when the market value of the fund is at least 90 percent of the accrued liabilities, the full annual benefit adjustment is reduced from 2.5 percent to 2.0 percent, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment and 18 months for a full adjustment.
– *Laws 2010, Ch. 359, Art. 1, Sec. 76, 80. Source: SF 2499 (Betzold); HF 2953 (Murphy, M.)*
3. Deferred Annuities Augmentation Rate Revision. The rate of compound increase during the deferral period on deferred annuities is reduced from the current rates (three percent before age 55 and five percent after age 54 for pre-2006 hires, and 2.5 percent at any age for post-2005 hires) to two percent, effective June 30, 2012.
– *Laws 2010, Ch. 359, Art. 1, Sec. 56. Source: SF 2499 (Betzold); HF 2953 (Murphy, M.).*

4. Revised Refund Interest Rate. The interest rate payable on all refunds provided under TRA statutes is reduced from six percent to four percent annually for periods starting July 1, 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 54-55. Source: SF 2499 (Betzold); HF 2953 (Murphy, M.).*
5. Correction of Plan Coverage Errors Revision. The deductions or contributions transmitted in error provision is amended to permit interest to be paid on amounts transmitted to defined contribution plans, and that transfers between defined benefit plans to correct plan membership coverage errors must conform with new Section 356.99.
– *Laws 2010, Ch. 359, Art. 2, Sec. 12. Source: Commission Document LCPR10-005.*
6. New Service Credit Computation Procedure. The TRA service credit computation provision is revised for K-12 teachers, making service credit a function of the teacher’s salary relative to a base salary in the district rather than being based on hours of service. Service credit will be computed monthly by dividing the teacher’s monthly salary by the monthly base salary for the applicable employing unit, and by then multiplying the result by 11.1 percent, with the result capped at 11.1 percent, so that a teacher may not earn more than 11.1 percent of one full year’s service credit in a month. Annual service credit is calculated by adding the monthly service credit amounts for the months in the applicable fiscal year, and by capping the result at one, so that a teacher may not earn more than one year of service credit in a fiscal year. The revision is effective for teaching service performed after June 30, 2012.
– *Laws 2010, Ch. 359, Art. 7, Sec. 3. Source: SF 578 (Betzold); HF 1123 (Murphy, M.).*
7. Annual Base Salary Definition Added; Reporting Requirements. For purposes of computing service credit, a definition of “annual base salary” is added to the plan. “Annual base salary” means, for each independent school district or educational cooperative, the lowest Bachelor of Arts level full-time teacher base contract salary amount for the prior year. For a state agency or professional organization, it is the lowest starting annual salary for a full-time TRA-covered position for the previous year. For charter schools, it is the lowest starting annual salary for a full-time teacher for the previous school year. If there is no prior year data, current year data will be used. Employers will be required to report annually the applicable annual base salary and beginning and ending dates for the regular school work year. A non-compliance provision imposing \$5 per day fines for non-compliance with reporting requirements is revised to include failure to report annual base salary.
– *Laws 2010, Ch. 359, Art. 7, Sec. 1, 5, 6. Source: SF 578 (Betzold); HF 1123 (Murphy, M.).*
8. Payroll Cycle Reporting Revised for Consistency with New Service Credit Procedure. The employer payroll cycle reporting provision is revised to eliminate the reporting of service credit, since TRA, rather than each district, will be computing service credit.
– *Laws 2010, Ch. 359, Art. 7, Sec. 4. Source: SF 578 (Betzold); HF 1123 (Murphy, M.).*
9. Part-Time Teaching Provision Revised to Conform to New Service Credit Computation Procedures. For purposes of the part-time teaching provision, the definition of part-time teacher is reset to be based on salary received relative to full-time equivalent salary, at least 30 percent of full-time equivalent salary, rather than based on days of service.
– *Laws 2010, Ch. 359, Art. 7, Sec. 7. Source: SF 578 (Betzold); HF 1123 (Murphy, M.).*
10. Records Provision Corrected. A cross-reference to an obsolete provision is removed from a TRA records provision.
– *Laws 2010, Ch. 359, Art. 7, Sec. 2. Source: Commission Amendment.*
11. Special Law Provision; Riverland Community College Employee Permitted to Transfer Coverage from IRAP to TRA. A Minnesota State Colleges and Universities System (MnSCU) Individual Retirement Account Plan (IRAP) member whose employment position was upgraded on September 9, 2007, and who had retirement coverage transferred by operation of law to IRAP, is permitted to transfer to TRA retroactive to September 9, 2007. The payment is at full actuarial value, except that repayment of refunds to prior plans may be made after the payment.
– *Laws 2010, Ch. 359, Art. 14, Sec. 2. Source: House Gov Op Amendment LCPR10-8A.*

D. First Class City Teacher Retirement Fund Associations

1. First Class City Teacher Plans New Correction of Plan Coverage Errors Provision. A subdivision is created providing for the correction of plan membership errors in conformity with New Section 356.99.
– *Laws 2010, Ch. 359, Art. 2, Sec. 14. Source: Commission Document LCPR10-005.*

Duluth Teachers Retirement Fund Association (DTRFA)

1. Revised Employee and Employer Contribution Rates.
 - a. Employee Contribution Rates. The employee contribution rate is increased from 5.5 percent of salary in one-half of one percent annual increases, starting July 1, 2011, ending with a 6.5 percent rate on July 1, 2012.
 - b. Employer Contribution Rate. The employer rate of 4.5 percent of salary and the employer additional contribution rate of 1.29 percent of salary are merged, creating a single 5.79 employer contribution rate. The resulting 5.79 percent employer contribution rate is then increased in one-half of one percent annual increases, starting July 1, 2011, ending with a 6.79 percent rate as of July 1, 2012.

– *Laws 2010, Ch. 359, Art. 1, Sec. 57-58. Source: SF2404 (Pappas); HF2951 (Murphy, E.), Commission Document LCPR10-038 (Murphy, M.), Commission Amendment S2573-6A, and Senate State Govt. Budget Amendment SCS2918A-1.*
2. Revised Vesting Requirements. For new hires after June 30, 2010, the vesting requirement to qualify for any annuity or benefit other than a refund is increased from three years to five years.

– *Laws 2010, Ch. 359, Art. 1, Sec. 63. Source: Commission Document LCPR10-038 (Murphy, M.).*
3. New Post-Retirement Adjustment Procedures. The current post-retirement adjustment provision, two percent automatic increase plus possible additional increases based on five-year returns in excess of 8.5 percent, is eliminated and replaced by a transitional provision providing no post-retirement adjustment if the funding ratio based on the market value of assets is less than 80 percent, a one percent increase if the funding ratio is at least 80 percent but less than 90 percent, and a two percent increase if the ratio is at least 90 percent. When the funding ratio based on the actuarial value of assets is at least 90 percent, the transitional system is replaced by an inflation match up to five percent.

– *Laws 2010, Ch. 359, Art. 1, Sec. 60-62. Source: Commission Document LCPR10-038 (Murphy, M.).*
4. Deferred Annuities Augmentation Rate Revision. The rate of compound increase during the deferral period on deferred annuities is reduced from the current rates (three percent before age 55 and five percent after age 54 for pre-2006 hires, and 2.5 percent at any age for post-2005 hires) to two percent, effective July 1, 2012.

– *Laws 2010, Ch. 359, Art. 1, Sec. 65. Source: Commission Document LCPR10-038 (Murphy, M.).*
5. Revised Refund Interest Rate. The interest rate payable on all DTRFA refunds is reduced from six percent to four percent annually for periods starting July 1, 2010.

– *Laws 2010, Ch. 359, Art. 1, Sec. 64, 66-67. Source: Commission Document LCPR10-038 (Murphy, M.).*
6. Repealer: Unnecessary Post-Retirement Adjustment Authorization Provision. Minnesota Statutes, Section 354A.27, Subdivision 1, an unnecessary DTRFA post-retirement adjustment authorization provision, is repealed.

– *Laws 2010, Ch. 359, Art. 1, Sec. 89. Source: Commission Document LCPR10-038 (Murphy, M.).*

St. Paul Teachers Retirement Fund Association (SPTRFA)

1. Revised Employee and Employer Contribution Rates.
 - a. Revised Employee Contribution Rates. The basic member employee contribution rate is increased from 8.0 percent of salary in one-quarter of one percent annual increases, starting July 1, 2011, ending with a 9.0 percent rate after June 30, 2014. The SPTRFA coordinated member employee contribution rate is increased from 5.5 percent of salary in one-quarter of one percent annual increases, starting July 1, 2011, ending with a 6.5 percent rate on and after June 30, 2014.
 - b. Revised Employer Contribution Rates. The basic member employer contribution rate is increased from 8.0 percent of salary in one-quarter of one percent annual increases, starting July 1, 2011, ending with a 9.0 percent rate after June 30, 2014. The coordinated member employer contribution rate is increased from 4.5 percent of salary in one-quarter of one percent annual increases, starting July 1, 2011, ending with a 5.5 percent rate on and after June 30, 2014.

– *Laws 2010, Ch. 359, Art. 1, Sec. 57-58. Source: SF2404 (Pappas); HF2951 (Murphy, E.), Commission Document LCPR10-038 (Murphy, M.), Commission Amendment S2573-6A, and Senate State Govt. Budget Amendment SCS2918A-1.*

2. Post-Retirement Adjustments: One-Year Suspension. The SPTRFA will provide no post-retirement adjustment in calendar year 2011.
– *Laws 2010, Ch. 359, Art. 1, Sec. 88. Source: Senate State Government Budget Amendment S2918-2A.*
3. Changing Conditions for Terminating Supplemental Contributions and Direct Matching Aid. Supplemental contributions and direct state aid to SPTRFA will terminate when it is fully funded rather than when its funding ratio matches that of TRA.
– *Laws 2010, Ch. 359, Art. 1, Sec. 59. Source: SF2404 (Pappas); HF2951 (Murphy, E.)*
4. Correction; Post-Retirement Adjustment Provision. This provision, proposed by the Revisor of Statutes, eliminates reinstating repealed SPTRFA post-retirement adjustment language.
– *Laws 2010, Ch. 359, Art. 15, Sec. 5. Source: House Finance Amendment H3281-8A and Senate Finance Amendment S2918-9A.*

E. Minneapolis Employees Retirement Fund (MERF)

The omnibus retirement bill (Laws 2010, Chapter 359, Articles 11 and 12) creates an administrative consolidation of MERF into the Public Employees Retirement Association (PERA). All of the provisions related to that consolidation are found above under the PERA revisions.

F. Minnesota State Colleges and Universities System (MnSCU)

**Higher Education Individual Retirement Account Plan (IRAP)
Higher Education Supplemental Fund**

1. SBI Duties; Powers Provision Revised to Permit Contracting with MnSCU. The State Board of Investment duties/powers provision is revised to permit MnSCU to contract with State Board of Investment to provide IRAP with investment selection and review services.
– *Laws 2010, Ch. 359, Art. 8, Sec. 1. Source: Amendment related to LCPR10-003 (Betzold).*
2. IRAP Provisions Revised to Permit Contracting for Investment Review Services. The MnSCU board may contract out for investment selection and review services, but that service provider must not market other products to IRAP members and it must disclose any contracts or financial relationships that service provider has with vendors which provide financial services to the plan.
– *Laws 2010, Ch. 359, Art. 8, Sec. 2-3. Source: Commission Document LCPR10-003 (Betzold).*
3. Higher Education Supplemental Plan Conforming Change. The Higher Education Supplemental Plan deduction and contribution provision is revised in recognition that providers other than the State Board of Investment may be providing services.
– *Laws 2010, Ch. 359, Art. 8, Sec. 4. Source: Commission Document LCPR10-003 (Betzold).*
4. Special Law Provision; Riverland Community College Employee Permitted to Transfer Coverage from IRAP to TRA. An IRAP member whose employment position was upgraded on September 9, 2007, and who had retirement coverage transferred by operation of law to IRAP is permitted to transfer to TRA retroactive to September 9, 2007. The payment is at full actuarial value, except that repayment of refunds to prior plans may be made after the payment.
– *Laws 2010, Ch. 359, Art. 14, Sec. 2. Source: House Gov Op Amendment LCPR10-8A.*
5. Repealer. An obsolete provision, Minnesota Statutes, Section 354C.15, authorizing the MnSCU board to redeem State Board of Investment Supplemental Investment Fund shares held by plan members who want to redirect their assets to other investments, is repealed.
– *Laws 2010, Ch. 359, Art. 8, Sec. 5. Source: Commission Document LCPR10-003 (Betzold).*

G. Local Police and Paid Fire Relief Associations

1. Technical Correction, Actuarial Valuations Content Provision. A technical correction of a cross-reference is made in the provision applying to the contents of actuarial valuations.
– *Laws 2010, Ch. 359, Art. 15, Sec. 3. Source: House Finance Amendment H3181-8A and Senate Gov Ops Amendment A10-2334.*

H. Volunteer Fire Relief Associations

1. Clarification of Benefit Increase Ratification Requirements. The municipal ratification requirements for lump-sum and monthly plan benefit increases are clarified by stating that ratification is required whenever the pension plan is less than fully funded, and creates consistency across similar volunteer fire benefit ratification provisions.
– *Laws 2010, Ch. 359, Art. 13, Sec. 1-2, 10. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
2. Redundant Minors Language Removed. Language prohibiting the use of minors as firefighters, which was placed in a new section in 2009 as Minnesota Statutes, Section 420.20, is removed from Minnesota Statutes, Section 424A.01, Subdivision 1, since it is now redundant.
– *Laws 2010, Ch. 359, Art. 13, Sec. 4. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
3. Revisions in Return to Active Firefighting after Break in Service Provision. The return to service provision is revised by reformatting it, by exempting from the provision any service break mandated under state or federal law, by clarifying the return to service duration requirements and permitting firefighters with a break of less than one year who were not on an authorized leave to be exempt from minimum return to service requirements if permitted under plan bylaws, and by permitting monthly benefit retirees to receive a service pension after a return to service.
– *Laws 2010, Ch. 359, Art. 13, Sec. 5. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
4. Authorizing Deferred Compensation Plan Transfers. Institution-to-institution transfers are authorized from a relief association to the Minnesota Deferred Compensation Plan if the relief association governing bylaws so provide, if the request is in writing and if the volunteer firefighter participates in the Minnesota Deferred Compensation Plan.
– *Laws 2010, Ch. 359, Art. 13, Sec. 6. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
5. Defined Contribution Plan Clarification of Inactive Individual Account Investment Crediting. Crediting of investment income to the account of inactive members is authorized if the bylaws so permit.
– *Laws 2010, Ch. 359, Art. 13, Sec. 7. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
6. Defined Contribution Plans: Clarification of Ancillary Benefit Limitation Provision. The defined contribution plan ancillary benefit provision, Minnesota Statutes, Section 424A.016, Subdivision 7, is clarified by stating that the ancillary benefit level limit is the sum of the vested and non-vested firefighter's account; that payment priority provisions previously contained in Minnesota Statutes, Section 424A.05, Subdivision 3, paragraph (a), clause (3), are moved to this ancillary benefit limitation provision; and that a surviving spouse is permitted to waive all or part of survivor benefits in favor of a designated beneficiary if there is no surviving child.
– *Laws 2010, Ch. 359, Art. 13, Sec. 8. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
7. Defined Benefit Plans: Clarification of Ancillary Benefit Limitation Provision. The defined benefit plan ancillary benefit provision, Minnesota Statutes, Section 424A.02, Subdivision 9, is revised by adding the payment priority provisions previously contained in Minnesota Statutes, Section 424A.05, Subdivision 3, paragraph (a), clause (3); by permitting a surviving spouse to waive all or part of survivor benefits in favor of a designated beneficiary if there is no surviving child; and by permitting monthly benefit volunteer firefighter relief associations to limit the amount of the survivor benefit amount payable to a designated beneficiary.
– *Laws 2010, Ch. 359, Art. 13, Sec. 9. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
8. Authorized Disbursement Provision Revisions. The special fund disbursement provision is clarified by clearly authorizing transfers of lump-sum pension amounts to the Minnesota Deferred Compensation Plan, by authorizing purchases of annuities and transfers to individual retirement accounts, and by removing the survivor benefit payment priority provisions moved to other sections.
– *Laws 2010, Ch. 359, Art. 13, Sec. 11. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*
9. Correction of Errors Provision Added. The State Auditor is authorized to order the correction of erroneous special fund deposits if the error occurred in good faith and if the transfer or transfers are consistent with state and federal law. The State Auditor may require the relief association to provide a written legal opinion regarding the issue of consistency with state and federal law.
– *Laws 2010, Ch. 359, Art. 13, Sec. 12. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.).*

10. Repealers.

- a. Minnesota Statutes 2009 Supplement, Section 424A.001, Subdivision 6. The definition of surviving spouse (a person legally married to the deceased firefighter at the time of that member's death), for purposes of Minnesota Statutes, Chapter 424A, Volunteer Firefighters' Retirement.
– *Laws 2010, Ch. 359, Art. 13, Sec. 12. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.)*
- b. Laws 2009, Chapter 169, Article 10, Section 32. A service pension repayment provision that was inadvertently both revised and repealed in 2009 is repealed retroactive to July 1, 2009, to correct an error.
– *Laws 2010, Ch. 359, Art. 13, Sec. 13. Source: SF 2918 (Betzold); HF 3281 (Murphy, M.)*
- c. Revisor Repealer; Technical Correction. Laws 2009, Chapter 169, Article 10, Section 10, is repealed in a Revisor Bill. This repealer removes a provision which would have amended a provision requiring repayment of the service pension upon returning to volunteer fire service, Minnesota Statutes 2008, Section 424A.02, Subdivision 9b, which was repealed in 2009 by Laws 2009, Chapter 169, Article 10, Section 58.
– *Laws 2010, Ch. 382, Sec. 87. Source: SF 2642 (Moua).*

II. GENERAL PENSION PROVISIONS

This portion of the memo summarizes provisions applying to all pension plans or to various plan groups.

1. Combined Service Provisions Revised to Comply with Revised Vesting Requirements.
Application: Any plan which can be included in a combined service, disability, or survivor pension. These plans are the MSRS plans (including MSRS-Unclassified), PERA defined benefit plans and the MERF division, TRA, and the first class city teacher plans.
Given revised vesting requirements created in many of the plans, the various combined service provisions in Minnesota Statutes, Chapter 356 (the combined service retirement annuity provision, combined service survivor annuity provision, combined service general employee disability annuity provision, combined service public safety provision, combined service disability annuity combination general and public safety plan provision, and combined service survivor annuity provision), are revised to accommodate the longer retirement plan vesting requirements created by Laws 2010, Chapter 359 by stating that applicable the minimum vesting requirement is that of the plan included in the computation with the longest vesting period.
– *Laws 2010, Ch. 359, Art. 1, Sec. 70-74. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.).*
2. Termination of Reemployed Annuitant Savings Account Interest.
Application: All plans covered by the reemployed annuitant savings account provision, except for SPTRFA. The applicable plans are MSRS-General, MSRS-Correctional, PERA-General, PERA-P&F, PERA-Correctional, TRA, and DTRFA.
Reemployed annuitant earnings limitation deferral amount savings accounts for MSRS-General, MSRS-Correctional, PERA-General, PERA Local Government Correctional, PERA-P&F, and TRA will pay no interest after January 1, 2011; DTRFA will pay no interest after June 30, 2010.
– *Laws 2010, Ch. 359, Art. 1, Sec. 83. Source: SF 2499 (Betzold); HF 2953 (Murphy, M.); SF 2573 (Betzold); HF 2952 (Murphy, M.); SF 2631 (Betzold); HF 2999 (Murphy, M.); and Amendment LCPR10-038 (Murphy, M.)*
3. Unlawful Discharge Annuity Repayment Provision Revision.
Application: MSRS plans including MSRS-Unclassified, PERA defined benefit plans and the MERF division, TRA, and the first class city teacher plans.
Because repayment of the annuity is mandated, the unlawful discharge annuity repayment provision is amended by deleting statements specifying what is to occur if the annuity is not repaid.
– *Laws 2010, Ch. 359, Art. 2, Sec. 16. Source: Commission Document LCPR10-005.*
4. New Section 356.99: Correction of Erroneous Defined Benefit Plan Coverage.
Application: MSRS plans except MSRS-Unclassified, the Legislators Plan and the Elected State Officers Plan; PERA defined benefit plans, TRA, and the first class city teacher plans.
Upon determination by a plan officer that an individual has been covered by the wrong defined benefit plan, the employer must stop sending deductions to the erroneous plan and commence sending contributions to the correct plan. If the erroneous coverage started more than two years ago, the individual retains that past coverage. If the error started less than two years ago, the past coverage is corrected by transfer of the erroneous contributions to the right plan. Procedures are established to handle cases where statutory contribution rates to the erroneous plan and correct plan differ.
– *Laws 2010, Ch. 359, Art. 2, Sec. 17. Source: Commission Document LCPR10-005.*

5. Revocation of Optional Annuity Due to Marriage Dissolution.
Application: MSRS plans other than the Legislators Plan and the Elected State Officers Plan, PERA plans except for the Public Employees Defined Contribution Plan, and TRA.
 An optional annuity providing coverage to a divorced spouse is revoked if that treatment is specified in a marriage dissolution decree, causing the annuity to bounce-back to the full single life annuity level, as though the person that had been named to the second half of the optional annuity had died on the date a certified copy of the marriage dissolution decree is file with the plan administration. The plan member is not permitted to name another optional annuity beneficiary. The provision applies retroactively.
 – *Laws 2010, Ch. 359, Art.10, Sec. 1. Source: SF xxx; HF 814 (Urdahl).*

6. Division of Martial Property Provisions Revised.
Application: MSRS plans other than the Legislators Plan and the Elected State Officers Plan, PERA plans except for the Public Employees Defined Contribution Plan, and TRA.
 A statement in the marriage dissolution chapter, Minnesota Statutes, Chapter 518, that the court should avoid dividing pension benefits if at all possible, is moved from a provision one the sale or distribution of marital property while proceeding is pending to a marital property pension plan provision, and a statement is added that the court may revoke an optional annuity only if permitted under laws governing the specific pension plans, and only if there is insufficient non-pension assets available for distribution, making it necessary to divide or impose restrictions on the pension assets. The revised provisions apply retroactively.
 – *Laws 2010, Ch. 359, Art.10, Sec. 2-3. Source: SF xxx; HF 814 (Urdahl).*

7. Service in More than One Plan Provision Revisions.
Application: MSRS-General, MSRS-Correctional, State Patrol Plan, PERA-General, and TRA.
 To be consistent with the longer vesting periods enacted for various plans, the service in more than one plan provisions applicable to MSRS-General, MSRS-Correctional, State Patrol Plan, PERA-General, and TRA, are revised to require that the length of service provided under the plans included in the annuity computation be at least equal to the vesting requirement in whichever plan has the longest vesting requirement.
 – *Laws 2010, Ch. 359, Art.1, Sec. 7, 20, 41. Source: SF 2573 (Betzold); HF 2952 (Murphy, M.); and SF 2631 (Betzold); HF 2999 (Murphy, M.).*

8. Revised Post Retirement Asset Investment Return Assumption.
Application: MSRS, PERA, TRA.
 For as long as the applicable plan provides a reduced post-retirement adjustment, the actuary must use a post-retirement interest rate assumption equal to the difference between the pre-retirement interest rate assumption and the stated post-retirement adjustment rate.
 – *Laws 2010, Ch. 359, Art. 1, Sec. 82. Source: House Finance Amendment H3281-8A and Senate Finance Amendment S2918-9A*

9. Reestablishes Actuarial Valuation Reporting Date Deadline.
Application: Defined benefit plans of MSRS, PERA, TRA, and the first class city teacher plans.
 A deadline is created in the actuarial valuation reporting provision in Minnesota Statutes, Chapter 356, requiring the annual actuarial valuations to be sent to the Executive Director of the LCPR, the Commissioner of Management and Budget, and the Legislative Reference Library by December 31. The deadline for experience studies is extended from May 1 to June 30.
 – *Laws 2010, Ch. 359, Art.9, Sec. 1. Source: Commission Document LCPR 09-071 (Betzold)*

10. Defined Contribution Plan Study.
Application: The provision applies to directly to the MSRS, PERA, and TRA systems, but the implications of any recommended changes could impact all public pension plans.
 The executive directors of MSRS, PERA, and TRA must jointly study defined benefit, defined contribution, and other alternative retirement plan structures, and report to the LCPR by June 1, 2011.
 – *Laws 2010, Ch. 359, Art. 1, Sec. 86. Source: House Floor Amendment (Kiffmeyer); Conference Committee Amendment.*

11. MSRS, PERA, TRA Appeals Procedure Revisions.
Application: MSRS, PERA, and TRA
 - a. Replaces the terms “administration” and “executive director” with the term “chief administrative officer;”
 - b. Requires filing with the board 15 days, rather than 30 days, before the hearing date of all materials the person wants the applicable pension board to review;
 - c. Removes time requirements for scheduling a review of petition;
 - d. Permits the chief administrative officer to reschedule a hearing review within a reasonable time, rather than within 60 days; and

- e. Permits submission of any additional documentation or information the petitioner requests at any time, with board consent.
- *Laws 2010, Ch. 359, Art. 5, Sec. 20-24. Source: Commission Document LCPR10-008 (Betzold).*

12. Account Segregation Requirement Removed.

Application: TRA, SPTRFA, and DTRFA.

The requirement that reallocated amortization and supplemental amortization aid transmitted to TRA or SPTRFA be segregated and not used to fund a benefit improvement is removed.

– *Laws 2010, Ch. 359, Art. 1, Sec. 84. Source: SF 2404 (Pappas); HF 2951 (Murphy, E.)*

13. Supplemental Plans Restrictions, Exceptions Provision Revised.

Application: Volunteer firefighters.

The supplemental plan restrictions and exception provision is amended by striking language prohibiting governmental subdivisions from making contributions on behalf of volunteer firefighters to a deferred compensation plan in lieu of providing Social Security coverage.

– *Laws 2010, Ch. 359, Art. 2, Sec. 15. Source: Commission Document LCPR10-005.*

14. Liquidity Requirements.

Application: Current law applies to limited list plans; expanded to apply to all plans other SBI-invested plans.

Consistent with law already applicable to limited list plans, all expanded list plans, in order to pay benefits when they become due, must invest sufficient assets in short-term debt obligations with no more than 90 day maturity and which can be immediately liquidated without loss or penalty. The chief administrative officer shall determine the liquidity requirement of the plan and retain appropriate documentation for a minimum of three years.

– *Laws 2010, Ch. 359, Art.13, Sec. 3. SF 2918 (Betzold), HF 3281 (Murphy, M.)*

15. Investment Authority Study.

Application: Relevant for all large plan investment authority plans other than SBI. These would include the first class city teacher plans, remaining local police and paid fire relief associations, and possibly hundreds of volunteer fire plans.

The State Auditor must convene a study group to review small and large plan investment authority (other than SBI) and fiduciary provisions and make recommendations to the Legislature by January 15, 2011.

– *Laws 2010, Ch. 359, Art. 1, Sec. 85. Source: SF 2404 (Pappas); HF 2951 (Murphy, E.)*

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. MSRS Deferred Compensation Plan Administrative Changes. The Minnesota state deferred compensation plan establishment provision is revised by changing the name from “Minnesota state deferred compensation plan” to “Minnesota deferred compensation plan.” The plan right to participate provision is revised by removing the requirement that agreements specifying deferral amounts must be in writing (thus permitting agreements to be made and revised by use of the web site), and by specifying that the agreement is between the employee and the plan sponsor (MSRS), rather than between the employee and the employer.
– *Laws 2010, Ch. 359, Art. 2, Sec. 6, 7. Source: Commission Document LCPR10-005.*
2. MSRS Deferred Compensation Plan Administration Clarification of Requirements. Employers are required to supply necessary personal and financial data to the third-party administrator on plan participants. The third-party administrator must comply with data privacy requirements regarding plan data, and may not solicit participants for any product or service not related to the deferred compensation plan.
– *Laws 2010, Ch. 359, Art.3, Sec. 1. Source: SF 1180 (Betzold)*
3. Early Retirement Incentive. This uncoded provision is an early retirement incentive provision offering an employer payment toward healthcare, and is applicable to all MSRS plans, Higher Education IRAP, PERA defined benefit plans, TRA, first class city teacher plans, and MERF.
An early retirement incentive, in the form of a payment toward healthcare, may be provided by an eligible appointing authority to a terminating employee who is immediately eligible for an annuity; has at least 15 years of covered service in Higher Education IRAP or one or more of the combined

service annuity plans, accepts the incentive no later than December 31, 2010; retires no later than June 30, 2011; and is not already receiving an annuity from one of the included plans.

An eligible appointing authority is PERA, MSRS, TRA, or MnSCU, or any appointing authority in the executive, legislative, or judicial branch of state government. Appointing authorities are permitted but not required to offer the early retirement incentive. The incentive is an amount, not to exceed 24 months of the employer contribution, as specified in the collective bargaining agreement or compensation plan, for health and dental insurance. If the employee had dependent coverage at the time of separation, the amount will include dependent coverage. Appointing authorities in the executive branch must apply for approval from the Commissioner of Management and Budget before providing an early retirement incentive. Unilateral implementation is not an unfair labor practice. Acceptance of an incentive must be in writing. Anyone accepting an incentive may not be rehired or provide consulting services for three years to any entity that participates in the State Employee Group Insurance Program. The Commissioner of Management and Budget must report to the Legislature by April 2, 2011 regarding the incentive program for 2010, with a recommendation regarding whether the program should be renewed.

– *Laws 2010, Ch. 337, Sec. 1. Source: SF 1481 (Bakk)*

4. Iron Range Resources and Rehabilitation Early Retirement Incentive Program Extension and Revision. An uncoded early retirement incentive provision enacted in 2009 (Laws 2009, Chapter 78, Article 7, Sections 2 and 3) for Iron Range Resources and Rehabilitation employees, is revised by stating that the employer shall, rather than may, offer a targeted early retirement incentive program, and by extending the repeal of the program from June 30, 2011 to December 31, 2012. The incentives specified in the 2009 legislation are one or a combination of employer-paid health and dental care to age 65, or cash incentives.

The revised provision appears to be an attempt to require the employer to provide the incentive rather than being permissive. However, the Iron Range Resources and Rehabilitation Board continues to have authority to not approve the expenditure needed to pay for the incentive. Thus, it is unclear whether it is now mandatory that the program be offered. Also, the provision passed in two bills in slightly different form.

– *Laws 2010, Ch. 215, Art. 9, Sec. 2. Source: HF1671 (Carlson)*

– *Laws 2010, Ch. 216, Sec. 53. Source: HF 2695 (Lenczewski)*

5. Technical Revision: Exceptions to Prohibition on Supplemental Plans Provision. This provision clarifies the exceptions to the prohibition on supplemental plans. The Hennepin County Medical Center retirement plans are added as an exception to the general prohibition on creation of new governmental retirement plans provision. The exception exists in current law, but this is a more logical placement of this statement.

– *Laws 2010, Ch. 359, Art.15, Sec. 4. Commission Amendment LCPR10-039-1A.*

6. MnSCU Retiree Healthcare Reimbursement Waiver. This is an uncoded provision regarding a waiver of MnSCU retiree healthcare premium reimbursement. MnSCU must not require certain retirees to reimburse MnSCU for healthcare premiums paid on behalf of the retirees, if the premium payments are due to a pre-July 1, 1995 contract or collective bargaining agreement and if MnSCU failed to bill the person within 90 days of the due date of the premium.

– *Laws 2010, Ch. 364, Sec. 31. Source: SF 184 (Pappas).*