



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Ed Burek, Deputy Director **EB**
RE: Summary of 2013 Legislative Session Pension Legislation
DATE: July 3, 2013

This memo summarizes the 2013 legislative session pension provisions. Nearly all were contained in the Commission's omnibus pension bill which was passed as Laws 2013, Chapter 111. A few provisions appeared in the tax bill and other bills.

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 Commission members and public sector retirees.

I. FUND-SPECIFIC LEGISLATION

A. Plans Governed by the Minnesota State Retirement System (MSRS)

General State Employees Retirement Plan (MSRS-General)

1. Minnesota Association of Professional Employees (MAPE). Employees of MAPE were added to the MSRS included employee provision. This does not apply to any MAPE employee who was already retired from MSRS-General.
– *Laws 2013, Ch. 111, Art. 7, Sec. 1. Source: SF 280 (Pappas); HF 345 (Nelson) and Commission amendment S0489-11A.*
2. Labor Organization Coverage Provision, Various Changes. A labor union organization coverage section of statute was revised to clarify those eligible to elect MSRS-General coverage; to expand those covered under the limitation on salary and contributions for benefit purposes subdivision to all labor union employees with MSRS coverage; to clarify that members must separate form service with the labor organization to qualify for retirement and that reemployed annuitant earnings restrictions apply if the person again becomes employed by any MSRS employing unit, or by the labor organization; to clarify that contribution requirements and procedures are the same regardless of the specific provision of law under which the individual gained membership; and to clarify that employees of labor organizations, regardless of the provision of law which authorizes their active MSRS membership, are excluded from being MSRS Board members.
– *Laws 2013, Ch. 111, Article 7, Sec. 2 to 6. Source: SF 280 (Pappas); HF 345 (Nelson).*
3. Special Law: Retirement Eligibility Clarification and Service Credit Purchase. An person first employed as a temporary status laborer general on June 19, 1989, who became an unlimited status laborer general in December 1990, and who relied on statements from MSRS which incorrectly indicated that the individual was eligible for a Rule of 90 retirement, was permitted to purchase service credit for periods during which he was employed by the state but not covered by MSRS due to exclusions in MSRS law. Since some of the service being purchased is for service before July 1, 1989, a right to retire under the Rule of 90 was established by the service credit purchase. The service credit purchase amount is contributions plus interest.
– *Laws 2013, Ch. 111, Article 7, Sec. 9. Source: SF 279 (Sieben); HF 347 (Kahn).*

Correctional State Employees Retirement Plan (MSRS-Correctional)

1. Duty Disability Definition Revised. The MSRS-Correctional duty disability definition was revised to require that the disability must arise out of performance of duties which present inherent risk specific to the duties performed by correctional employees.
– *Laws 2013, Ch.111, Art. 2, Sec. 9. Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*
2. Clarification of Service Credit Transfer Provisions. MSRS-Correctional service credit transfer provisions, specifying requirements for transfer of service credit from MSRS-General to MSRS-Correctional for prior eligible correctional employment and requiring payment of equivalent contributions, were revised by removing obsolete language and a service credit transfer provision applicable only to transfers prior to July 1, 2007, was repealed.
– *Laws 2013, Ch.111, Art. 2, Sec. 19, 20, and 33. Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*

Legislators Retirement Plan and Elected State Officers Retirement Plan

1. Legislators Retirement Fund Provision Clarified. The Legislators Retirement Fund provision was clarified by removing obsolete language and by clarifying the crediting of the fund's investment proceeds.
– *Laws 2013, Ch. 111, Art. 2, Sec. 3. Source: SF 696 (Goodwin); HF 682 (Murphy, M.), and Commission amendment S0489-13A.*
2. Legislators Retirement Plan Provision Renamed. The Legislators Retirement Plan coordinated program provision stating plan provisions applicable to that program was renamed to apply to both coordinated and basic legislator programs since the same provisions apply to both programs.
– *Laws 2013, Ch. 111, Art. 2, Sec. 7. Source: SF 696 (Goodwin); HF 682 (Murphy, M.).*
3. Elected State Officers Plan Merged into Legislators Retirement Plan Chapter. To simplify plan administration and to save on accounting and actuarial fees, Elected State Officers Retirement Plan (a plan which applied to constitutional officers and longer has any active members) provisions were moved into the Legislators Retirement Plan chapter by moving the necessary language into the Legislators Retirement Plan chapter and repealing the provisions in Chapter 352C, the Elected State Officers Retirement Plan chapter. The changes included:
 - A new Constitutional Officers section (3A.17) was added to the Legislators Retirement Plan chapter, stating that the provisions applicable to individuals covered by the Elected State Officers Plan are those newly added to the Legislators Retirement Plan chapter due to this merger and the applicable portions of Chapter 356, Minnesota Retirement Generally, and Chapter 352C, the Elected State Officers chapter, in effect when the Elected State Officers Retirement Plan member terminated service. None of the changes should be interpreted as altering benefits or benefit entitlements, including post-retirement adjustments.
 - The Legislators Retirement Plan administration and application provisions were generalized to include application to the Elected State Officers Retirement Plan.
 - The benefit appropriation provision was revised to include appropriations to cover Elected State Officers Retirement Plan retirement benefits, and a duplicate Legislator Retirement Plan appropriation provision was repealed.
 - The Legislators Retirement Plan annuity exemption from process and health premium deduction provision was expanded to cover Elected State Officers Retirement Plan retirees.
 - A separate Elected State Officers Retirement Plan actuarial valuation will no longer be performed; instead, a separate Elected State Officers Retirement Plan actuarial accrued liabilities statement is to be included in the Legislators Retirement Plan actuarial valuation.
 - Various provisions in Chapter 356, Retirement Systems Generally, were revised to remove references to the repealed separate Elected State Officers Retirement Plan, including revisions to interest and salary assumption provision (356.215, Subd. 8), the combined service annuity provision (356.30, Subd. 3), the exemption from process provision (356.401, Subd. 3), and MSRS post-retirement adjustment provisions (356.415, Subd. 1a, 2)– *Laws 2013, Ch. 111, Art. 2, Sec. 2, 4-6, 8, 25, 27-33. Source: SF 696 (Goodwin); HF 682 (Murphy, M.).*

State Patrol Retirement Plan

4. Surviving Spouse Definition Revised: Cohabitation Requirement Removed. The surviving spouse definition was revised by removing the requirement that the spouse had to be living with the member at the time of death.
– *Laws 2013, Ch. 111, Art. 2, Sec. 21. Source: SF 696 (Goodwin); HF 682 (Murphy, M.).*

5. Average Monthly Salary Definition Revised. The salary earned on employment rendered in excess of the newly enacted 33-year service credit maximum can be included in final average salary for annuity computation purposes.
– *Laws 2013, Ch. 111, Art. 9, Sec. 1. Source: Commission amendment S0272-1A to SF 272 (Pappas); HF 403 (Nelson).*
6. Employee Contribution Rate Increase. The member contribution rate was increased by 2% to 14.4% in two installments, 1% in FY 2015 and 1% beginning in FY 2017.
– *Laws 2013, Ch. 111, Art. 9, Sec. 2. Source: SF 272 (Pappas); HF 403 (Nelson).*
7. Employer Contribution Rate Increase. The employer contribution rate was increased by 3% to 21.6% in two installments, 1.5% in FY 2015 and 1.5% beginning in FY 2017.
– *Laws 2013, Ch. 111, Art. 9, Sec. 3. Source: SF 272 (Pappas); HF 403 (Nelson).*
8. Increased Vesting Service Requirement. Two revisions in vesting requirements occurred, depending upon when service is first rendered: for those first employed before July 1, 2013, the vesting requirement is three years (partially reversing 2010 session legislation which would have increased the vesting requirement to five years for those first employed after June 30, 2010); and for those first employed after June 30 2013, the vesting requirement is ten years.
– *Laws 2013, Ch. 111, Art. 9, Sec. 4. Source: SF 272 (Pappas); HF 403 (Nelson).*
9. 33-Year Service Credit Limit Imposed. Unless a member had at least 28 years of allowable service credit on June 30, 2013, a maximum of 33 years of service credit can be used to calculate an annuity. Any member contributions for service in excess of 33 years which are prohibited from being used to compute an annuity must be refunded, with interest, at annuity commencement.
– *Laws 2013, Ch. 111, Art. 9, Sec. 5. Source: SF 272 (Pappas); HF 403 (Nelson).*
10. Early Retirement Revisions. The early retirement provision was revised to recognize the newly revised vesting requirements for an annuity; to continue the use of a 0.1% reduction per month reduction for retirements before age 55 for those who retire before July 1, 2015, rather than for retirements before July 1, 2010; and, for those retiring after June 30, 2015, the reduction will be 0.34%, rather than 0.1%, for each month that the member is under age 55 at the time of retirement.
– *Laws 2013, Ch. 111, Art. 9, Sec. 6. Source: SF 272 (Pappas); HF 403 (Nelson).*
11. Cross-Reference Removed from Disabilitant Optional Annuity Provision. The disabilitant optional annuity subdivision was revised by removing a cross-reference to a newly repealed surviving spouse provision.
– *Laws 2013, Ch. 111, Art. 9, Sec. 7. Source: SF 272 (Pappas); HF 403 (Nelson).*
12. Refund Provision Revised to Reflect Service Credit Cap. The plan refund provision was clarified to state that a refund of post-33-year maximum member contributions does not forfeit post-33-year maximum salary credit (which can therefore be used to compute the high-five average salary for the annuity).
– *Laws 2013, Ch. 111, Art. 9, Sec. 8. Source: Commission amendment S0272-1A to SF 272 (Pappas); HF 403 (Nelson).*
13. Combining Surviving Spouse Benefit and Benefit Eligibility Provisions. The surviving spouse benefit provision and benefit eligibility provisions (Minn. Stat. Sec. 352B.11, Subd. 2b, 2c) were merged, with no intended substantive changes other than to revise the date from July 1, 2010, to July 1, 2013, when revised vesting requirements are to become effective. Note: The drafting of this section may be in error. The post-June 30, 2013, vesting requirement stated in the provision is five years, rather than ten years as revised in other State Patrol Plan provisions.
– *Laws 2013, Ch. 111, Art. 9, Sec. 9. Source: SF 272 (Pappas); HF 403 (Nelson).*
14. Revised Post-Retirement Adjustments. The State Patrol Retirement Plan automatic annual post-retirement increase was reduced from 1.5 % to 1% beginning January 1, 2014, continuing until the plan is at least 85% funded based on a market value of assets basis. Once the 85% funding ratio threshold is attained, the annual post-retirement increase will be 1.5%, and then reverting to 2.5% when the plan becomes 90% funded based on market value.
– *Laws 2013, Ch. 111, Art. 9, Sec. 10. Source: SF 272 (Pappas); HF 403 (Nelson).*
15. Repealer: Surviving Spouse Benefit Entitlement Provision. Minnesota States, Section 352B.11, Subdivision 2c, the surviving spouse benefit entitlement provision, the substance of which was moved to another subdivision, is repealed.
– *Laws 2013, Ch. 111, Art. 9, Sec. 11. Source: SF 272 (Pappas); HF 403 (Nelson).*

Judges Retirement Plan

1. Judges Retirement Plan Separated into Tier I and Tier II Programs. The Judges Retirement Plan was separated into two programs, Tier I and Tier II. Tier I judges are those who became judges before July 1, 2013, and either are ineligible for or do not choose to elect the Tier II program. Tier II judges are those first elected or appointed after June 30, 2013; or judges who began judicial service early and have less than five years of service and elect to become a Tier II judge.
– *Laws 2013, Ch. 111, Art. 14, Sec. 8. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
2. Accrual Rate for Tier II Judges. The accrual rate for Tier II judges was set at 2.5% per year rather than the 3.2% rate generally applicable to Tier I judges.
– *Laws 2013, Ch. 111, Art. 14, Sec. 1. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
3. Revised Post-Retirement Adjustments. Judges Plan post-retirement increases will be 1.75% annually rather than 2.0% for those who have been retired at least 18 months. Judges who have been retired for more than six but less than 18 months will receive prorated increases. The revised adjustments apply until the plan becomes at least 70% funded based on a market value of assets basis. A cross-reference to the new post-retirement provision was created in the MSRS post-retirement adjustment provision.
– *Laws 2013, Ch. 111, Art. 14, Sec. 2, 3. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
4. Increased Normal Retirement Age for Tier II Judges. The normal retirement age was set at age 66 for Tier II judges. The normal retirement age remains at age 65 for Tier I judges.
– *Laws 2013, Ch. 111, Art. 14, Sec. 4. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
5. Service Credit Limit Does Not Apply to Tier II Judges. The service credit limit in the Judges Retirement Plan (generally 24 years) will not apply to Tier II judges.
– *Laws 2013, Ch. 111, Art. 14, Sec. 5, 9. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
6. Definition of Tier I Benefit Program Added. A definition of the Tier I program, including cross-references to the provisions which define the membership and other provisions which govern the program, was added to the plan definition section. The cross-references include the applicable annual accrual rates (2.7% for service before July 1, 1980, and 3.2% thereafter), post-retirement adjustment provisions, and sections of the Judges Plan chapter except those specified as only applying to Tier II judges.
– *Laws 2013, Ch. 111, Art. 14, Sec. 6. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
7. Definition of Tier II Benefit Program Added. A definition of the Tier II program, including cross-references to the provisions which define the membership and other provisions which govern the program, was added to the plan definition section. The cross-references include the applicable 2.5% annual accrual rate, post-retirement adjustment provisions, and sections of the Judges Plan chapter except those specified as only applying to Tier I judges.
– *Laws 2013, Ch. 111, Art. 14, Sec. 7. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
8. Resetting Employee Contribution Rates, Contingent on Salary Increase. The employee contribution rate, which had been 8.0%, was revised. The new rate will be 9.0% for Tier I judges and 7.0% for Tier II judges. The revised rates are effective beginning the first full payroll period after judicial salaries increase by at least 1% due to 2013 calendar year legislative action. In Laws 2013, Chapter 86, the Legislature increased judicial salaries by 4% effective July 1, 2013, and by another 3% effective July 1, 2014.
– *Laws 2013, Ch. 111, Art. 14, Sec. 10, and Art. 12, Sec. 12; and Ch. 86, Art. 3, Sec. 12. Sources: SF 983 (Cohen); HF 9530 (Hilstrom), and S.F. 671(Latz); H.F. 724 (Paymar).*
9. Salary Increase Conditioned. Any Tier I judge for whom the increased 9.0% contribution rate is not deducted from salary was excluded from any salary increase.
– *Laws 2013, Ch. 111, Art. 12, Sec. 13. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
10. Resetting Employer Contribution Rate. The employer contribution rate, applicable on behalf of all judges, was increased from 20.5% of salary to 22.5%.
– *Laws 2013, Ch. 111, Art. 14, Sec. 11. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*
11. Retirement Annuity Provision Revised to Include Tier II Annuities. The Judges Plan retirement annuity provision was revised to reflect the creation of Tier II and the lower 2.5% accrual rate that will apply to all post-June 30, 2013, service by a Tier II judge.
– *Laws 2013, Ch. 111, Art. 12, Sec. 12. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*

12. Uncoded Provision: Election Procedures for Tier II by Pre-July 1, 2013, Judges. Any Tier I judge who has less than five year of service on the date of the election may elect to be a Tier II judge. The election must be made before January 1, 2014. If the election is made, revised employee contributions begin as of the first full pay period occurring after January 1, 2014. If no election is made the default coverage is Tier I.
– *Laws 2013, Ch. 111, Art. 12, Sec. 14. Source: SF 983 (Cohen); HF 9530 (Hilstrom).*

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

General Employee Retirement Plan (PERA-General)

1. Excluded Employee Provision Revisions. Student employees in a work-study program will be excluded from PERA coverage if the position is for five years or less, rather than three years or less; and a five-year limit, rather than no limit, was placed on exclusion from coverage for students in intern or residency programs.
– *Laws 2013, Ch. 111, Art. 3, Sec. 1. Source: SF 277 (Pappas); HF 342 (Nelson).*
2. Correction of USERRA-Compliant Service Credit Purchase Provision. To comply with deferral requirements, the salary rate used in the PERA Uniformed Services Employment and Reemployment Rights Act (USERRA)-compliant service credit purchase provision was revised to include overtime earnings.
– *Laws 2013, Ch. 111, Art. 3, Sec. 2. Source: SF 277 (Pappas); HF 342 (Nelson).*
3. Revised Designated Beneficiary Definition. The PERA designated beneficiary definition was clarified by defining designated beneficiary to include a trust or estate by explicitly authorizing a person legally authorized to act on behalf of the member or former member to designate beneficiaries, by requiring that the designation be made on a form prescribed by the executive director, and by specifying that PERA must receive the form prior to the death of the member.
– *Laws 2013, Ch. 111, Art. 3, Sec. 4. Source: SF 277 (Pappas); HF 342 (Nelson).*
4. Revised Erroneous Receipts/Disbursements Provision. The language of the PERA erroneous receipts/disbursements provision was clarified.
– *Laws 2013, Ch. 111, Art. 3, Sec. 5. Source: SF 277 (Pappas); HF 342 (Nelson).*
5. Clarification of Refund or Deferred Annuity Provision. An unnecessary clause was removed from the PERA refund of deferred annuity provision.
– *Laws 2013, Ch. 111, Art. 3, Sec. 6. Source: SF 277 (Pappas); HF 342 (Nelson).*
6. Specification of Interest Rate on Erroneous Employee Deductions. The interest rate paid by PERA on excess employee contributions will be 4% compounded annually, the same treatment as provided on refunds following termination of service.
– *Laws 2013, Ch. 111, Art. 3, Sec. 7. Source: SF 277 (Pappas); HF 342 (Nelson).*
7. Clarification of PERA-MERF Division Benefit Eligibility. The PERA-MERF Division benefits provision was revised by clarifying the provision, by stating that active members of the MERF Division must meet eligibility requirements stated in MERF statutes in order to qualify for benefits and by specifying how to compute the benefits, and by explicitly stating age and service requirements for MERF Division formula retirement annuities. Unnecessary benefit computation language in a service credit and liability transfer provision was stricken.
– *Laws 2013, Ch. 111, Art. 3, Sec. 8-9. Source: SF 277 (Pappas); HF 342 (Nelson).*
8. Special Law: Purchase of Service Credit for Uncovered City of Northfield Transit Division Service. An individual born on July 10, 1942, who became eligible for PERA-General coverage in 2005 but was not reported by the city for coverage until April 2009, was permitted to obtain service credit for the uncovered service by making employee contributions plus interest. The city is responsible for paying the remainder of the full actuarial value.
– *Laws 2013, Ch. 111, Art. 7, Sec. 10. Source: SF 594 (Dahle); HF 705 (Bly).*
9. Special Law: Purchase of Service Credit for Uncovered Wright County Highway Department Service. An individual born on March 19, 1959, who shifted from temporary to full-time Wright County Highway Department employment in 2007 but was not reported for PERA-General coverage until March 2012, was permitted to obtain service credit for the uncovered service by making employee contributions plus interest. The county is responsible for paying the remainder of the full actuarial value.
– *Laws 2013, Ch. 111, Art. 7, Sec. 11. Source: SF 780 (Anderson); HF 963 (McDonald).*

PERA Privatized Employees Chapter (Chapter 353F)

1. “Effective Date” Redefined. The “effective date” definition (the date that the ownership or operation of a public employing unit is transferred to a private entity) was renamed as the “effective date of privatization.”
– *Laws 2013, Ch. 111, Art. 3, Sec. 13. Source: SF 277 (Pappas); HF 342 (Nelson).*
2. New Definition: Privatized Former Public Employer. A new definition, “privatized former public employer,” means a medical facility or other employing unit which was a governmental employer but which has now been privatized and whose employees are certified for inclusion under the PERA privatization chapter.
– *Laws 2013, Ch. 111, Art. 3, Sec. 15. Source: SF 277 (Pappas); HF 342 (Nelson).*
3. Revised Covered Employee Definition, and Related Changes. The “terminated medical facility or other public employee” definition was revised to define “privatized former public employee,” and language was added stating that a person who remains covered by PERA-General due to concurrent employment with a privatized employer and another employer that remains a governmental subdivision is not eligible for coverage under the PERA privatization chapter. Conforming changes were made in the vesting provision, early retirement provision, and disability eligibility, and surviving spouse and dependent child provision, effect on refund, and effect on refund provisions.
– *Laws 2013, Ch. 111, Art. 3, Sec. 16-27. Source: SF 277 (Pappas); HF 342 (Nelson).*
4. Transformation of Privatization Recommendation Provision. Rather than requiring Legislative action to add new privatizations, PERA will make determinations on which privatizations are to be given coverage under the PERA privatization chapter using the same criteria which the Commission has used in these determinations. PERA must forward notice of new inclusions to the Commission and to the House and Senate government operations committees, and must include a list of included privatizations on the PERA website and in the PERA financial report.
– *Laws 2013, Ch. 111, Art. 3, Sec. 18. Source: SF 277 (Pappas); HF 342 (Nelson).*
5. Vesting Provision Revised for Conformity. The vesting rule provision was revised for consistency with the new privatized former public employee definition.
– *Laws 2013, Ch. 111, Art. 3, Sec. 19. Source: SF 277 (Pappas); HF 342 (Nelson).*
6. Privatization Augmentation Rate Provision Revisions. The privatization augmentation provision was revised by making conforming changes and by clarifying that the increased augmentation rates no longer apply after an individual terminates from the privatized employer and becomes employed by a governmental employer.
– *Laws 2013, Ch. 111, Art. 3, Sec. 20. Source: SF 277 (Pappas); HF 342 (Nelson).*
7. Conforming Changes, Various Provisions. Given new or revised definitions above (#1-3), conforming changes were made in early retirement service credit use, disability eligibility, surviving spouse/dependent child benefit eligibility, effect on refund, and counseling provisions.
– *Laws 2013, Ch. 111, Art. 3, Sec. 21,22,23,26, 27. Source: SF 277 (Pappas); HF 342 (Nelson).*
8. 30-Day Separation from Service Requirement to Commence Annuity. A new section was added requiring at least a 30-day break-in-service requirement from the privatized employer in order to commence drawing the annuity from PERA-General. This is comparable to the 30-day separation requirement from public employment in PERA-General law.
– *Laws 2013, Ch. 111, Art. 3, Sec. 24. Source: SF 277 (Pappas); HF 342 (Nelson).*
9. Reemployed Annuitant Earnings Limitation Application to Reemployment with Privatized Employer. The reemployed annuity earnings limitation provision was revised to state that if a privatized employee terminates service with the privatized employer, and then becomes reemployed with that employer or any successor, PERA reemployed annuitant restrictions apply.
– *Laws 2013, Ch. 111, Art. 3, Sec. 25. Source: SF 277 (Pappas); HF 342 (Nelson).*
10. Repealers; Ineffective Provision. A list of privatized employers included under the PERA-Privatization chapter was removed from statute by repeal since it is no longer needed given the new structure of the chapter. Consistent with that Repealer, Section 14, which would have revised that list by correcting the name of one of the covered employers and added another, will not become effective. Also repealed was a section which specified procedures for submitting recommendations to the Commission and Legislature for adding new entities to coverage under the privatization chapter, given the elimination of the requirement for legislative approval of each new addition.
– *Laws 2013, Ch. 111, Art. 3, Sec. 14, 31. Source: SF 277 (Pappas); HF 342 (Nelson).*

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

1. Average Salary for Purposes of Computing Survivor Benefits. The PERA average salary definition was revised by adding a definition specific to PERA-P&F survivor benefits using language moved from another provision. For computing those survivor and dependent child benefits, average salary is the average salary over the last six months of service. If the service was part-time, the average salary will be prorated.
– *Laws 2013, Ch. 111, Art. 3, Sec. 3, 10. Source: S.F. 277 (Pappas); H.F. 342 (Nelson).*
2. Dependent Child Benefit Revision. Notwithstanding the revised definition of average salary noted above, if the members shifted to part-time employment during the last 12 months of employment, the salary used to compute dependent child benefits will not be prorated.
– *Laws 2013, Ch. 111, Art. 3, Sec. 12. Source: S.F. 277 (Pappas); H.F. 342 (Nelson).*
3. Average Salary Definition Revised. The salary earned on employment rendered in excess of the newly imposed 33-year maximum was made includable in final average salary for annuity computation purposes.
– *Laws 2013, Ch. 111, Art. 11, Sec. 1. Source: SF 447 (Pappas); HF 618 (Nelson).*
4. Clarification of PERA-P&F Duty Disability Definition. The PERA-P&F duty disability definition was revised for clarity.
– *Laws 2013, Ch. 111, Art. 11, Sec. 2. Source: SF 447 (Pappas); HF 618 (Nelson).*
5. Revised Vesting Requirement. For any person who first becomes a PERA-P&F member after July 1, 2014, rather than being 50% vested at five years and increasing proportionately until full vesting occurs at ten years, the person will be subject to 20-year proportional vesting. The person will not be vested at all during through the first nine years, 50% vested with ten years of service, and increasing proportionately until the person is 100% vested with 20 years of service.
– *Laws 2013, Ch. 111, Art. 11, Sec. 3. Source: SF 447 (Pappas); HF 618 (Nelson).*
6. Revised Employer Requirement: Attempts to Keep the Injured Worker Employed. A requirement was added that the disability benefit application:
 - Must explain the duties the person cannot perform if a benefit is applied for within two years of the injury date;
 - Must explain the duties the person cannot perform during the immediately prior 90-day period if the disability is applied for more than two years after the injury date;
 - Must provide an explanation if the person cannot continue in employment in a current or other position; and
 - For a duty disability application, must state the specific act giving rise to the disability and relate the disability to an inherently dangerous duty.– *Laws 2013, Ch. 111, Art. 11, Sec. 4. Source: SF 447 (Pappas); HF 618 (Nelson).*
7. Refund Rights Provision Revised, Relating to Service in Excess of 33 Years. A PERA refund rights provision was revised to clarify that a refund of post-33-year maximum member contributions does not forfeit post-33-year maximum salary credit.
– *Laws 2013, Ch. 111, Art. 11, Sec. 5. Source: SF 447 (Pappas); HF 618 (Nelson).*
8. Member Contribution Increase. The member contribution rate was increased from the current 9.6% to be 10.2% of salary in calendar year 2014, and 10.8% of salary thereafter.
– *Laws 2013, Ch. 111, Art. 11, Sec. 6. Source: SF 447 (Pappas); HF 618 (Nelson).*
9. Employer Contribution Increase. The employer contribution rate was increased from the current 14.4% to be 15.3% of salary in calendar year 2014, and 16.2% of salary thereafter.
– *Laws 2013, Ch. 111, Art. 11, Sec. 7. Source: SF 447 (Pappas); HF 618 (Nelson).*
10. Retirement Pension Revisions: Application of Vesting Percentage, Service Credit Limit, and Refund of Employee Contributions in Excess of Service Limit. The PERA-P&F retirement annuity formula provision was revised to specify that:
 - The calculated retirement annuity must be multiplied by the vesting percentage;
 - For plan members first enrolled after June 30, 2014, service credit is limited to 33 years service credit and 99% of final average salary; and
 - For post-June 30, 2014, hires, a refund of employee contributions is required related to any service provided in excess of 33 years, with interest at the same interest rate as regular member contribution refund.– *Laws 2013, Ch. 111, Art. 11, Sec. 8. Source: SF 447 (Pappas); HF 618 (Nelson).*

11. Early Retirement Revisions. Early retirement reductions were restricted or revised as follows:
 - The current 0.1% per month reduction for retirement before age 55, for individuals who became members before July 1, 2007, is restricted to those who retire before July 1, 2014;
 - The current 0.2% per month reduction for retirement before age 55 applicable to post-2007 hires is restricted to those who retire before July 1, 2014;
 - For members who retire before age 55 and after July 1, 2019, the reduction is 5% per year, prorated monthly; and
 - For members who retire before age 55 and generally after July 1, 2014 and on or before July 1, 2019, the reduction is a blending of a 5% per year reduction rate and the 0.1% reduction above if the individual became a member before July 1, 2007, or the 0.2% reduction above if the person became a member on July 1, 2007. or later.

– *Laws 2013, Ch. 111, Art. 11, Sec. 9. Source: SF 447 (Pappas); HF 618 (Nelson).*
12. Death While Eligible Survivor Benefit Provision Corrected. A cross-reference to a normal retirement provision repealed in 2005 was removed.

– *Laws 2013, Ch. 111, Art. 11, Sec. 10. Source: SF 447 (Pappas); HF 618 (Nelson).*
13. Death Benefit Provision Minimum/Maximum Family Benefit Provision Revised to Required Proportionate Sharing of any Necessary Reduction. In a PERA-P&F death benefit provision, any reduction in individual benefit amounts to achieve the overall family maximum must be imposed proportionately on the annuitant, surviving spouse, and dependent child, rather than having the reduction be taken solely from the joint annuitant, and specifies restoration upon the end of child dependency or annuitant or spouse death.

– *Laws 2013, Ch. 111, Art. 11, Sec. 11. Source: SF 447 (Pappas); HF 618 (Nelson).*
14. Post-Retirement Adjustment Revision. Several changes in the PERA-P&F post-retirement adjustment provision were made, as follows:
 - Rather than an annual inflation match not to exceed 1.5%, the 1% post-retirement adjustment rate which had been applicable for January 1, 2011, and 2012 adjustments will be continued until funding stability is restored;
 - Those retiring after June 1, 2014, must be retired at least 36 months to receive a full adjustment or at least 25 months to receive a prorated adjustment, rather than one year for a full adjustment and one month for a prorated adjustment;
 - The definition of funding stability was revised by requiring that the funding ratio, based on market value, must exceed 90% in two consecutive actuarial valuations rather than in a single actuarial valuation; and by adding a new requirement that, following restoration of funding stability, reduced adjustments again occur if the funding ratio based on market value falls below 85% in two consecutive actuarial valuations or below 80% in one; and
 - The revised length-in-retirement requirements for full or partial adjustments, as stated above, also apply to adjustments provided after funding stability is restored. The adjustment permitted in law after funding stability is restored is an inflation match not to exceed 2.5%.

– *Laws 2013, Ch. 111, Art. 11, Sec. 14. Source: SF 447 (Pappas); HF 618 (Nelson).*

Local Government Correctional Service Retirement Plan (PERA-Correctional)

1. Duty Disability Definition Revised for Clarity. The plan duty disability definition provision was revised for clarity.

– *Laws 2013, Ch. 111, Art. 11, Sec. 12. Source: SF 447 (Pappas); HF 618 (Nelson).*

Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan (PERA-VSFP)

1. Municipal Deadline Extension. The deadline for municipalities to act on a fire department election to join the statewide plan was extended from 90 days to 120 days after the receipt of the PERA cost analysis document.

– *Laws 2013, Ch. 111, Art. 6, Sec. 3. Source: SF 274 (Pappas); HF 340 (Nelson).*

C. Teachers Retirement Association (TRA)

1. Early Retirement Reduction Factors Modified. The early retirement actuarial equivalent reduction provision, generally applicable to post June 30, 1989, hires, was modified to no longer require a true actuarial reduction by:
 - Delaying any modification in the early retirement reduction factor until July 1, 2015;
 - After July 1, 2020, for teachers who are not at least age 62 with at least 30 years of service, substituting set amount early retirement reduction factors (4% per year for ages 55 through 59, and 7% per year thereafter) for the actuarial equivalent early retirement reduction factors;
 - After July 1, 2020, for teachers who are at least age 62 with 30 or more years of service, substituting set amount early retirement reduction factors (6% per year) for the actuarial equivalent early retirement reduction factors; and
 - Phasing in the imposition of the new early retirement reduction factors over a four-year period, with the full implementation of an actuarial equivalent early normal retirement reduction factor not occurring until July 1, 2020.

– *Laws 2013, Ch. 111, Art. 12, Sec. 1. Source: SF 529 (Pappas); HF 650 (Nelson).*
2. MTRFA Aid Provision Moved to TRA Chapter. Language specifying the state aid paid to TRA on behalf of the Minneapolis Teachers Retirement Fund Association (MTRFA) was moved from the first class city teacher chapter to the TRA chapter.

– *Laws 2013, Ch. 111, Art. 13, Sec. 1. Source: SF 1249 (Pappas); HF1433 (Nelson).*

D. First Class City Teacher Retirement Fund Associations

1. SPTRFA Added to Plans Authorized to Terminate Spousal Optional Annuity Survivor Designations. The St. Paul Teachers Retirement Fund Association (SPTRFA) was added to the list of retirement plans permitted to recognize court-ordered terminations of spousal optional annuity survivor designations.

– *Laws 2013, Ch. 111, Art. 7, Sec. 8. Source: Commission amendment S0573-3A with additional verbal amendment, to SF 573 (Eaton); HF 420 (Hillstrom).*
2. SPTRFA; 90 Day Separation from Service Requirement Created. The SPTRFA retirement definition provision was revised by requiring a 90-day separation from service to qualify for annuity receipt.

– *Laws 2013, Ch. 111, Art. 13, Sec. 2. Source: SF 1249 (Pappas); HF1433 (Nelson).*
3. DTRFA and SPTRFA; Employee Contribution Rate Increases.
 - The Duluth Teachers Retirement Fund Association (DTRFA) new law and old law coordinated plan employee contribution rate was increased from 6.5 % of pay to 7.0% effective July 1, 2013, and to 7.5% on July 1, 2014.
 - The SPTRFA basic member contribution rate was increased from 9.0% in 2014 to 9.5% effective July 1, 2015, and to 10.0% on July 1, 2016. The SPTRFA coordinated member contribution rate was increased from 6.5% in 2014 to 7.0% effective July 1, 2015 and to 7.5% on July 1, 2016.

– *Laws 2013, Ch. 111, Art. 13, Sec. 3. Source: SF 1249 (Pappas); HF1433 (Nelson); and SF 1235 (Reinert); HF1330 (Murphy, M.).*
4. DTRFA and SPTRFA; Employer Contribution Rate Increases.
 - The DTRFA new law and old law coordinated plan employer contribution rate was increased from 6.79 % of pay to 7.29% effective July 1, 2013, and to 7.5% on July 1, 2014.
 - The SPTRFA basic member employer regular contribution rate was increased from 9.0% in 2014 to 9.5% effective July 1, 2015, to 9.75% on July 1, 2016, and to 10.0% on July 1, 2017. The SPTRFA coordinated member employer regular contribution rate was increased from 5.5% in 2014 to 6.0% effective July 1, 2015, to 6.25% on July 1, 2016, and 6.5% on July 1, 2017.

– *Laws 2013, Ch. 111, Art. 13, Sec. 4. Source: SF 1249 (Pappas); HF1433 (Nelson); and SF 1235 (Reinert); HF1330 (Murphy, M.).*
5. DTRFA; Employer Contributions for Reemployed Annuitants. The Duluth school district is required to make employer contributions if DTRFA annuitants are reemployed, including reemployment with the school district as an independent contractor or employee of an independent contractor.

– *Laws 2013, Ch. 111, Art. 13, Sec. 5. Source: SF 1235 (Reinert); HF1330 (Murphy, M.).*

6. SPTRFA; Employer Contributions Plus 2.5% for Reemployed Annuitants. The St. Paul school district is required to make employer contributions (regular and additional), plus an additional 2.5% of pay contribution, if SPTRFA annuitants are reemployed, including reemployment with the school district as an independent contractor or employee of an independent contractor.
– *Laws 2013, Ch. 111, Art. 13, Sec. 6. Source: SF 1249 (Pappas); HF1433 (Nelson)*
7. MTRFA Aid Provision Moved to TRA Chapter. Language specifying the state aid paid to TRA on behalf of the Minneapolis Teachers Retirement Fund Association (MTRFA) was moved from the first class city teacher chapter to the TRA chapter.
– *Laws 2013, Ch. 111, Art. 13, Sec. 7. Source: SF 1249 (Pappas); HF1433 (Nelson); SF 1235 (Reinert); HF1330 (Murphy, M.), and conference committee amendment.*
8. Aid Termination Provisions Revised. Aid termination date provisions, one in chapter 354A and another in chapter 423A.02, were amended for clarity, by including the DTRFA, and by stating that aid to the DTRFA will continue until the plan is fully funded, or until the full funding date, whichever is earlier.
– *Laws 2013, Ch. 111, Art. 13, Sec. 8 19. Source: SF 1249 (Pappas); HF1433 (Nelson); SF 1235 (Reinert); HF1330 (Murphy, M.), and conference committee amendment.*
9. SPTRFA; Benefit Recovery Provision Revised to Reflect New 90-Day Termination Requirement. The SPTRFA was authorized to recover by requiring direct repayment of any annuity amounts which should not have been paid due to the member failing to remain separated from St. Paul school district employment for at least 90 days prior to the reemployment. Repayment is with interest at the equivalent of 8.5% annual interest.
– *Laws 2013, Ch. 111, Art. 13, Sec. 9. Source: SF 1249 (Pappas); HF1433 (Nelson)*
10. DTRFA: Post-Retirement Increase Provided, and Repeal of Prior Applicable Post Retirement Provision. Minnesota Statutes, Section 354A.27, Subdivision 6, the DTRFA post-retirement provision that provided no increase if the funding ratio is less than 80%, and a 1% increase if the ratio is at least 80% but less than 90%, was repealed. A new post-retirement adjustment was added providing a 1% increase, rather than no increase, if the funding ratio is less than 90%.
– *Laws 2013, Ch. 111, Art. 13, Sec. 10, 11, 24. Source: SF 1235 (Reinert); HF1330 (Murphy, M.)*
11. DTRFA and SPTRFA; Reemployed Annuitant Holding Accounts, Forfeiture. For members who retire after June 30, 2013, amounts which under prior law were deferred and placed in an account will instead be forfeited to the applicable retirement fund. The reemployed annuitant account application provision in Chapter 356 (Sec. 356.47, regarding the creation, holding, and eventually refunding of account balances) was revised to indicate that regarding SPTRFA and DTRFA reemployed annuitants, that section will apply only to pre-July 1, 2013, DTRFA and SPTRFA retirees.
– *Laws 2013, Ch. 111, Art. 13, Sec. 12 and 18). Source: SF 1249 (Pappas); HF1433 (Nelson); and SF 1235 (Reinert); HF1330 (Murphy, M.)*
12. SPTRFA; Benefit Formula Increase. The SPTRFA retirement annuity computation provision was revised by increasing accrual rates on service rendered after June 30, 2015, from 1.2% to 1.4% for the first ten years of service and from 1.7% to 1.9% on later years of service for step formula annuities, and from 1.7% to 1.9% on level formula annuities.
– *Laws 2013, Ch. 111, Art. 13, Sec. 13. Source: SF 1249 (Pappas); HF1433 (Nelson)*
13. DTRFA; Benefit Formula Increase. The DTRFA retirement annuity computation provision was revised by increasing accrual rates on service rendered after June 30, 2013, from 1.2% to 1.4% for the first ten years of service and from 1.7% to 1.9% on later years of service for step formula annuities, and from 1.7% to 1.9% on level formula annuities.
– *Laws 2013, Ch. 111, Art. 13, Sec. 14. Source: SF 1235 (Reinert); HF1330 (Murphy, M.)*
14. DTRFA and SPTRFA; Early Retirement Actuarial Reduction Provision Revised to Depart From Actuarial Reduction Requirement. The first class city teacher plan actuarial reduction for early retirement provision was amended to require less than an actuarial reduction for retirements after age 60, and to require more than an actuarial reduction for earlier retirements.
– *Laws 2013, Ch. 111, Art. 13, Sec. 15. Source: 1249 (Pappas); HF1433 (Nelson)*
15. SPTRFA; Revised Reduction Procedure for Death-Under-Age 55 Survivor Annuity. The death while under age 55 survivor provision was amended, as it applies to the SPTRFA, by revising the reduction procedures used to compute the survivor annuity.
– *Laws 2013, Ch. 111, Art. 13, Sec. 16. Source: 1249 (Pappas); HF1433 (Nelson)*

16. SPTRFA; Revised Salary and Payroll Increase Assumptions. The salary and payroll increase assumption provisions in Chapter 356 were revised to agree with revisions adopted by the Commission in August 2102.
– *Laws 2013, Ch. 111, Art. 13, Sec. 17. Source: 1249 (Pappas); HF1433 (Nelson)*
17. DTRFA; Authorization to Revise Bylaws. The DTRFA was authorized to amend its bylaws to revise employee and employer contribution rates, reemployed annuitant treatment, and required employer contributions on behalf of reemployed annuitants.
– *Laws 2013, Ch. 111, Art. 13, Sec. 20. Source: SF 1235 (Reinert); HF1330 (Murphy, M.)*
18. SPTRFA; Authorization to Revise Bylaws. The SPTRFA was authorized to amend its bylaws to apply the revised early retirement reduction factors rather than the actuarial reductions currently required.
– *Laws 2013, Ch. 111, Art. 13, Sec. 21. Source: 1249 (Pappas); HF1433 (Nelson)*
19. Uncoded Biennium Appropriation: DTRFA and SPTRFA. In October 2013 and October 2014, \$6 million in each year was appropriated to DTRFA and \$7 million in each year to SPTRFA.
– *Laws 2013, Ch. 111, Art. 13, Sec. 23. Sources: 1249 (Pappas); HF1433 (Nelson); SF 1235 (Reinert); HF1330 (Murphy, M.), and Conference Committee amendment.*

E. Local Police and Paid Fire Relief Associations; Bloomington Fire Department Relief Association

Article 5 of the Omnibus Pension Bill repealed or revised many former local police and paid fire provisions, in recognition that all these plans have now consolidated into PERA-P&F with the exception of the quasi-volunteer fire Bloomington Fire Department Relief Association (BFDRA), which blends characteristics of local paid and volunteer fire plans. Because of the consolidations that have occurred, some of the revisions were to PERA or PERA-P&F provisions, and some others were to aid provisions and sections in the Chapter 356, Retirement Generally, but because of the nature of the changes being made, all of the revisions are discussed in this portion of the summary. As part of the changes, references to Minnesota Statutes, Section 69.77, the Police and Firefighters' Relief Association Guidelines Act of 1969, will now be known as the Bloomington Fire Guidelines Act.

1. State Auditor Police and Fire Plan Audit Provision Updated. The State Auditor fire and police relief association audit/examination provision was revised by removing reference to police relief associations since none remain, by updating language to comply with current usage and by revising a State Auditor reporting provision by replacing a reference to the 1969 Guidelines Act with a reference to the Bloomington Fire Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 1-2. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
2. Public Accountant Misconduct Reporting Provision Revised. The public accountant misconduct reporting provision was revised by replacing a reference to the 1969 Guidelines Act with a reference to the Bloomington Fire Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 3. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
3. Open Meeting Law Provision Revised. The open meeting law was revised by replacing a reference to the Guidelines Act with a reference to the Bloomington Fire Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 4. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
4. Qualifying for State Aid Provision Revised. The police and fire state aid qualification section (Minn. Stat. Sec. 69.011) was revised by changing the definition subdivision to eliminate all references to police relief associations. The qualification for fire or police state aid subdivision was revised by eliminating all language specific to local police relief associations, by clarifying that a March 15 filing date applies to PERA for purposes of administering the voluntary statewide fire plan, and by eliminating language relating to an obsolete procedure for allocating fire aid to counties before allocation to municipalities. Similar revisions of a technical nature were made in the failure to file and qualification for state aid subdivisions.
– *Laws 2013, Ch. 111, Art. 5, Sec. 5-8. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
5. Reporting of Premiums; Calculation of Aid Provision Revised. The police and fire state aid qualification section (Minn. Stat. Sec. 69.021) was revised by:
 - Updating the insurance company reports provision (Subd. 1) and report of premiums provision (Subd. 2) by revising language to be consistent with current language style;
 - Revising the penalty for fraudulent, incorrect, or late filing penalty provision (Subd. 3) by clarifying that it is the Commissioner of Revenue who has the authority to set penalties (within the minimum and maximum amounts set in law) and by revising language for style;

- Revising the aid recipient/certification of amount provision (Subd. 4) by clarifying that the PERA Statewide Lump-Sum Volunteer Firefighter Retirement Plan (PERA-SVF) is entitled to receive aid on behalf of the participating government units;
 - Revising a calculation of state aid provision (Subd. 5) by eliminating reference to local police relief associations and by striking language which reimbursed the State Auditor for police relief association audits and exams from aid amounts prior to allocation;
 - Revising the fire state aid apportionment provision (Subd. 7) by clarifying that only those organizations meeting qualification requirements will share in the allocation;
 - Revising the police state aid apportionment provision (Subd. 7a) by adding the appropriate references to the Department of Natural Resources and Department of Public Safety (departments sharing in the allocation on behalf of their public safety officers) and adds a state aid apportionment adjustment provision taken from repealed Section 69.021, Subdivision 6;
 - Revising the population and market value provision used for allocating aids (Subd. 8) by revising language to be consistent with current language style;
 - Revising the aid allocation appeal provision (Subd. 9) by including the Department of Natural Resources and Department of Public Safety and removing reference to local police relief associations, and by clarifying that the appropriate court to hear aid appeals by those two state departments and the PERA-SVF will be the Ramsey County District Court;
 - Revising the excess police state aid determination provision (Subd. 10) to accommodate the consolidation with PERA-P&F of all local police relief associations and the end of additional employer contributions to PERA-P&F with respect to those merged associations except for the cities of Fairmont and Minneapolis; and
 - Eliminating from the excess police state aid holding account provision (Subd. 11) a potential reduction to fund a state-funded police officer stress reduction program because the program was never established.
- *Laws 2013, Ch. 111, Art. 5, Sec. 9-19. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

6. Revisions to Payment of State Police and Fire State Aid Provision. The police and fire state aid payment section (Minn. Stat. Sec. 69.031) was revised by:
- Including in the aid payment warrant subdivision appropriate references to the Department of Natural Resources and Department of Public Safety as aid recipients, and clarifies that the aid should be paid by October 1;
 - Adding clarifying language to the aid appropriation provision; and
 - Eliminating language relating to the deposit of police state aid in local relief associations, made obsolete by the merger with PERA-P&F of the last of these local relief associations.
- *Laws 2013, Ch. 111, Art. 5, Sec. 20-22. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
7. Shortfall from General Fund Provision Conforming Change. A citation to the 1969 Guidelines Act was replaced by a reference to the Bloomington Fire Guidelines Act in a general fund shortfall provision.
- *Laws 2013, Ch. 111, Art. 5, Sec. 23. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
8. Revisions in Financial Report, Bond, Examination Provision. A financial report, bond, examination provision (Minn. Stat. Sec. 69.051) was revised by:
- Revising the financial reporting requirement (Subd. 1) to reflect the BFDRA as the last paid fire relief association, to reflect the merger of other relief associations in PERA-P&F, and to eliminate reference to police relief associations;
 - Revising the financial statement subdivision (Subd. 1a) to eliminate reference to police departments, and by replacing “city council” with the more accurate term “municipal governing body;”
 - Clarifying the qualification subdivision (Subd. 1b);
 - Resetting the general local relief association bond requirement provision (Subd. 2) as a requirement applying solely to the BFDRA;
 - Revising the report-by-certain-municipalities provision (Subd. 3), which applies to municipalities which do not have a volunteer firefighter relief association and is not covered by the PERA-SVF, by making the chief administrative officer of the municipality responsible for the report; and
 - Clarifying that the report to the Commission from the State Auditor triggered by malfeasance, misfeasance, or nonfeasance by relief association officials is also triggered by comparable inappropriate actions by municipal officials (Subd. 4).
- *Laws 2013, Ch. 111, Art. 5, Sec. 24-29. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

9. Cross-Reference Added to Premium Report Provision. A cross-reference to the first class city fire insurance premium tax surcharge was added to the insurance company report provision requiring reporting necessary to determine the surcharge aid.
– *Laws 2013, Ch. 111, Art. 5, Sec. 30. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

10. Various Changes and Renaming of the 1969 Guidelines Act. The 1969 Volunteer Firefighters' Guidelines Act (Minn. Stat. Sec. 69.77) was revised as follows:
 - The minimum municipal obligation provision (Subd. 4) was limited to the Bloomington Fire Department Relief Association (BFDR) and is expanded to include the special reverse amortization procedure of one-tenth of any funding surplus currently specified in a Bloomington Fire Special Law (Laws 1994, Ch. 541, Sec. 2);
 - The subdivision specifying required support by the employer (Subd. 1), the noncompliance penalty provision (Subd. 2), the submission of funding requirements provision (Subd. 5), municipal payment provision (Subd. 6), budget inclusion provision (Subd. 7), accelerated amortization provision (subdivision 8); the investment authority provision (Subd. 9), the actuarial valuation requirement provision (Subd. 10), municipal approval of benefit changes provision (Subd. 11), and the application of other laws to contribution rate provision (Subd. 12) were revised to restrict the application to the City of Bloomington and the BFDR, as the only remaining local police or paid fire relief association after the mergers of the Fairmont Police and Minneapolis Police and Fire Relief Associations; and
 - The citation subdivision (Subd. 13) was revised by stating that this section may be cited as the Bloomington Fire Department Relief Association Guidelines Act, rather than the Police and Firefighters' Relief Association Guidelines Act of 1969.
– *Laws 2013, Ch. 111, Art. 5, Sec. 31-42. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

11. Volunteer Firefighters' Guidelines Act Conforming Clarification. The coverage or application subdivision of the Volunteer Firefighters' Guidelines Act, Minnesota Statutes, Section 69.771, was revised by replacing a citation to the 1969 Guidelines Act to instead cite the Bloomington Fire Department Relief Association.
– *Laws 2013, Ch. 111, Art. 5, Sec. 43. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

12. Authorized Administrative Expense Provision, Conforming Clarification. The authorized administrative expense provision was revised by replacing references to police or salaried firefighters' relief associations and by inserting reference to the Bloomington Fire Department Relief Association.
– *Laws 2013, Ch. 111, Art. 5, Sec. 44. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

13. Property Tax Special Levy Definition Provision, Conforming Clarification. A property tax special levy definition provision was revised by removing references to police relief associations and by clarifying application to the Bloomington Fire Department Relief Association.
– *Laws 2013, Ch. 111, Art. 5, Sec. 45. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

14. First Class City Insurance Premium Surcharge Aid Clarification of Application. Continued application of a cities of the first class insurance premium surcharge aid provision (Minn. Stat. Sec. 297I.10) was clarified by indicating that the surcharge aid is payable to the applicable city of the first class rather than to the fire relief association, reflecting the merger of all first class city fire relief associations with PERA-P&F, and by stating that the city must use this money toward the city employer obligations for its firefighters in PERA-P&F.
– *Laws 2013, Ch. 111, Art. 5, Sec. 46. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

15. Abandoned Public Pension Fund Property Disposition Provision Conforming Change. An abandoned public pension fund property disposition provision was revised by replacing a 1969 Guidelines Act citation with a Bloomington Fire Dept. Relief Association Guidelines citation.
– *Laws 2013, Ch. 111, Art. 5, Sec. 47. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

16. Elimination of Obsolete Minneapolis Relief Association Employee PERA Inclusion. The PERA included employee provision was revised by eliminating the obsolete special PERA-General inclusion for employees of the former Minneapolis Firefighters Relief Association or the former Minneapolis Police Relief Association.
– *Laws 2013, Ch. 111, Art. 5, Sec. 48. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

17. PERA Excluded Employee Provision, Removing Obsolete and Unnecessary Language. The PERA excluded employee provision was revised by eliminating obsolete references to former local police or paid fire relief association members, and by removing unnecessary language.
– *Laws 2013, Ch. 111, Art. 5, Sec. 49. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*

18. PERA Government Subdivision Definition, Removing Obsolete Language. The PERA governmental subdivision definition was revised by eliminating obsolete references to the former Minneapolis fire and police relief associations.
– *Laws 2013, Ch. 111, Art. 5, Sec. 50. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
19. PERA Salary Definition, Removing Obsolete Language. The PERA salary definition was revised by eliminating obsolete references to former local police and paid fire consolidation accounts in PERA.
– *Laws 2013, Ch. 111, Art. 5, Sec. 51. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
20. PERA Allowable Service Definition, Removing Obsolete Language. The PERA allowable service definition was revised by eliminating obsolete references to former local police and paid fire consolidation accounts in PERA.
– *Laws 2013, Ch. 111, Art. 5, Sec. 52. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
21. PERA-P&F Membership Provision, Removing Obsolete Language. An obsolete pre-1961 membership grandparenting provision was eliminated and obsolete inclusions were eliminated relating to members of former local police and paid fire consolidation accounts who had not elected PERA-P&F coverage by 1999.
– *Laws 2013, Ch. 111, Art. 5, Sec. 53. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
22. Local Relief Association Consolidation Account Benefit Provision, Technical Revisions. A 1987 consolidation savings law provision (coded as Minn. Stat. Sec. 353.659) was updated based on current language style and usage conventions without any intended substantive impact, and cross-references to obsolete provisions being repealed were corrected.
– *Laws 2013, Ch. 111, Art. 5, Sec. 54. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
23. Merging Similar PERA-P&F Consolidation Provisions. As part of an amalgamation of the very similar ongoing portions of provisions covering pre-1999 consolidations and the more recent consolidations of the former Minneapolis firefighter and police, Fairmont police, and Virginia fire relief associations, Minnesota Statutes, Section 353.665, was revised as follows:
 - A merger authorization subdivision (Subd. 1) was converted into an application provision indicating that it applies to the cities and memberships of the 44 relief associations that consolidated under the 1987 law before 1999, and the former Minneapolis firefighters and police, Fairmont police, and Virginia fire relief associations;
 - The laws governing the applicable benefit plans for the various memberships of the former relief associations were delineated (Subd. 5), including specification of the former Minneapolis fire and police relief associations benefit plans, health and dental insurance premium deductions, and fraternal organization cooperation;
 - New Subdivision 5a was added to ensure that health insurance account administration and retention and successor-in-interest and indemnification requirements applicable to the former Minneapolis police and fire relief associations remain unchanged from prior law; and
 - Member and employer contributions related to the former police and paid fire relief associations were specified (Subd. 8).
 – *Laws 2013, Ch. 111, Art. 5, Sec. 55-58. Sources: SF 489 (Pappas); HF 629 (Murphy, M.), Commission amendment S0489-14A, and House Ways and Means amendment H0629-5A.*
24. Service In More Than One System Retirement Provision: Conforming Change. The PERA/ PERA-P&F service in more than one retirement system benefit provision, which permits using service in Minnesota public pension plans other than those of the PERA system to meet PERA vesting requirements, was revised for conformity by replacing a 1969 Guidelines Act citation with a Bloomington Fire Dept. Relief Association Guidelines Act citation.
– *Laws 2013, Ch. 111, Art. 5, Sec. 59. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
25. Financial Report Provision: Conforming Change. The list of covered plans in a required financial report provision in Chapter 356 was revised by inserting the Bloomington Fire Dept. Relief Association while striking a general reference to local police and paid fire relief associations, reflecting the Bloomington relief association's status as the last remaining retirement plan of the type.
– *Laws 2013, Ch. 111, Art. 5, Sec. 60. Source: SF 489 (Pappas); HF 629 (Murphy, M.)*
26. Authorization Provision to Establish Actuarial Assumptions. A provision in Chapter 356 authorizing plan actuaries to propose actuarial assumption changes was revised by inserting reference to the Bloomington Fire Dept. Relief Association while striking a general reference to

local police and paid fire relief associations, reflecting the Bloomington relief association's status as the last remaining retirement plan of the type.

– *Laws 2013, Ch. 111, Art. 5, Sec. 61. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*

27. Conforming Changes: Police and Fire Contents of Actuarial Valuation Provision. The provision in Chapter 356 specifying actuarial valuation requirements specific to local police or fire fund actuarial valuations was revised to apply solely to the Bloomington Fire Department Relief Association (BDFRA) and monthly volunteer firefighter relief associations. Changes included clarifying that the BFDRA amortization period is 20 years following the initial year in which the relief association has incurred an unfunded actuarial accrued liability, with separate 20-year amortization periods for each net actuarial experience loss occurring thereafter; specifying that actuarial valuations must be filed with the frequency required by generally accepted governmental sector accounting principles if that frequency is less than every four years; and updating the language style and usage to current conventions without any intended substantive changes.
– *Laws 2013, Ch. 111, Art. 5, Sec. 62. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
28. Investment Performance Reporting Provision Conforming Changes. The provision in Chapter 356 requiring Minnesota public pension funds to report investment performance information to the State Auditor was revised by clarifying its application to the Bloomington Fire Dept. Relief Association and volunteer fire plans, while removing the general reference to local police and paid fire plans and by removing unnecessary cross-references.
– *Laws 2013, Ch. 111, Art. 5, Sec. 63-65. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
29. Provision Prohibiting Payment of Survivor Benefits if Survivor Caused the Death of the Plan Member: Conforming Change. A conforming change was made in the section in Chapter 356 which prohibits payment of survivor benefits if the survivor caused the death of the plan member by removing a general reference to the 1969 Guidelines Act and inserting the Bloomington Fire Department Relief Association Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 66. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
30. Pension Plan Definition in fiduciary Responsibility Chapter: Conforming Change. The definition of “pension plan” in the Public Pension Fiduciary Chapter (Chapter 356A) was revised by clearly stating application to the Bloomington Fire Dept. Relief Association.
– *Laws 2013, Ch. 111, Art. 5, Sec. 67. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
31. Conforming Changes: Economic Interest Statement and Annual Financial Statement Provisions in Fiduciary Responsibility Chapter. An economic interest statement subdivision in and an annual financial report subdivision were revised by replacing 1969 Guidelines Act citations with explicit reference to the Bloomington Fire Department Relief Association.
– *Laws 2013, Ch. 111, Art. 5, Sec. 68-69. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
32. Revised Amortization State Aid Provision, Combining Amortization and Supplemental Amortization Aid Programs. The amortization aid provision was revised by:
 - Merging the amortization and supplemental amortization aid programs;
 - Removing general obsolete references to local police and paid fire plans;
 - Limiting the application to the two remaining recipients, Minneapolis and Fairmont, and resetting the dollar aid amounts to incorporate the combined amounts from the prior amortization and supplemental amortization programs as administered; and
 - Continuing payment as long as additional municipal contributions are payable by the city to PERA-P&F on behalf of the prior relief associations.– *Laws 2013, Ch. 111, Art. 5, Sec. 70. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
33. Additional Amortization Aid Provision Revisions, Clarifications. The additional amortization state aid provision was revised by:
 - Removing broad generic references to aid recipients including removing reference to former relief associations and consolidation accounts which no longer qualify for the aid;
 - Specifically specifying the remaining five recipients: the city of Duluth, SPTRFA, city of Minneapolis, city of Virginia, and the minimum volunteer firefighter state aid program;
 - Revising the aid allocation percentages consistent with prior law now that all merged former local police and fire consolidation accounts no longer have an additional municipal contribution and appropriately revises the triggering event for potential future reallocations of Minneapolis and Virginia aid; and
 - Resetting the aid payment date to October 1 annually.– *Laws 2013, Ch. 111, Art. 5, Sec. 71. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*

34. Amortization Aid Continuing Eligibility Provision Clarifications. The amortization state aid continuing eligibility provision was revised by eliminating obsolete eligibility provisions and clarifying requirements for Fairmont and Minneapolis continuing eligibility.
– *Laws 2013, Ch. 111, Art. 5, Sec. 72. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
35. Amortization Aid Reallocation Provision Revised. The reallocation of amortization aid provision was revised by eliminating obsolete references, moving the teacher retirement fund payment date from June 30 to July 15 annually, and adding loss of eligibility language for the DTRFA comparable to that for the SPTRFA.
– *Laws 2013, Ch. 111, Art. 5, Sec. 73. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
36. Amortization and Supplemental Amortization Aid Appropriations Merged. The current amortization aid and supplemental amortization aid appropriation provision was rewritten to combine the amount previously appropriated for the amortization and supplemental amortization aid programs, consistent with merger of these two programs.
– *Laws 2013, Ch. 111, Art. 5, Sec. 74. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
37. Limit on Aid Subdivision Conforming Change. The supplemental amortization aid reference in the limit on aid amount subdivision was stricken, since that separate program no longer exists, and other conforming cross-references were made due to revised municipal contribution language in other provisions.
– *Laws 2013, Ch. 111, Art. 5, Sec. 75. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
38. Amortization Aid Termination Provision Revised. The amortization state aid program termination provision was revised to reflect the consolidation of the supplemental amortization aid and the amortization aid, and added a requirement that the DTRFA must be fully funded before the aid program will terminate.
– *Laws 2013, Ch. 111, Art. 5, Sec. 76. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
39. Ratification of Prior Amortization, Supplemental Amortization, and Additional Amortization Allocations. Allocations of amortization, supplemental amortization, and additional amortization aid before January 1, 2013, were validated.
– *Laws 2013, Ch. 111, Art. 5, Sec. 82. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
40. Volunteer Fire Relief Association Definition Revised for Conformity. In the volunteer firefighters’ retirement chapter (Ch. 424A), language relating to the Bloomington Fire Department Relief Association in the relief association definition was revised by referencing the Bloomington Fire Department Relief Association Guidelines Act rather than the 1969 Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 77. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
41. Volunteer Fire Defined Benefit Relief Association Ancillary Benefit Limitation Provision Revised for Conformity. The volunteer fire defined benefit relief association ancillary benefit limitation provision was revised by striking a reference to the 1969 Guidelines Act and inserting reference to the Bloomington Fire Department Relief Association Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 78. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
42. Municipality Bond Issue Provision Revised for Conformity. A municipal pension bond issue provision was revised by striking a reference to the 1969 Guidelines Act and inserting reference to the Bloomington Fire Department Relief Association Guidelines Act.
– *Laws 2013, Ch. 111, Art. 5, Sec. 79. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
43. Instruction to Revisor: Presenting Section 69.77 as a Local Provision, Recodifying Volunteer Fire Guidelines Act in Later Chapter. The Revisor of Statutes was directed to no longer print the text of Minnesota Statutes, Section 69.77, in statutes, and to label it as “City of Bloomington, Local,” reflecting the conversion of the 1969 Police and Fire Relief Association Guidelines Act into a Bloomington Fire Department Relief Association special law. The Volunteer Fire Guidelines Act (Minn. Stat. Sec. 69.771-69.776) is to be recodified in the volunteer firefighters’ retirement chapter, Chapter 424A, as Sections 424A.091 to 424A.096.
– *Laws 2013, Ch. 111, Art. 5, Sec. 80. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*
44. Repealer. Numerous provisions applicable to local police and paid fire relief associations and consolidation accounts which are obsolete, or made unnecessary by drafting which merged various provisions, were repealed. The repealed provisions were:
- Section 69.77, Subd. 3, a member contribution provisions which is not applicable to the Bloomington Fire Department Relief Association;

- Section 69.021, Subd. 6, a police state aid county apportionment provision;
 - Section 353.64, Subd. 3, an obsolete PERA-P&F membership exclusion provision;
 - Most of Section 353.665, a PERA-P&F section covering consolidation accounts merging into PERA-P&F. The subdivisions repealed are Subd. 2 (transfer of liabilities), Subd. 3 (transfer of assets), Subd. 4 (active member benefit coverage), Subd. 6 (deferred member benefit coverage), Subd. 7 (final funded status calculation), Subd. 9 (benefit plan coverage), and Subd. 10 (consolidation account termination);
 - Sections 353.667 (consolidation of the Minneapolis Firefighters Relief Association); 353.668 (consolidation of the Minneapolis Police Relief Association); 353.669 (consolidation of the Fairmont Police Relief Association); 353.6691 (merger of the Virginia Fire Department Relief Association);
 - The entirety of Chapter 353A, Local Relief Association Consolidation, which specified the procedures under which local police and paid fire relief associations could choose to consolidate with PERA and eventually PERA-P&F, including requirements for a consolidation vote by the plan membership, approval by the municipality and acceptance by the municipality of the consolidation account funding requirements
 - The entirety of Chapter 353B, Local Relief Association Benefit Plans, which had specified, for PERA's use, the benefit plans of all local police and paid fire relief associations; and
 - The entirety of Minnesota Statutes 2012, Chapter 423A, Police and Salaried Firefighters Relief Association, except for most of Section 423A.02 dealing with amortization aids. Section 423A.02, Subd. 1a, dealing with supplemental amortization aid, was also repealed.
- *Laws 2013, Ch. 111, Art. 5, Sec. 81. Source: SF 489 (Pappas); HF 629 (Murphy, M.).*

F. Volunteer Fire Relief Associations

1. Volunteer Firefighters' Relief Association Guidelines Act: Covered Relief Association Provision Simplified. The description of volunteer firefighter relief associations covered by the volunteer firefighters' relief association guidelines act was removed and replaced by an appropriate cross-reference.
– *Laws 2013, Ch. 111, Art. 6, Sec. 1. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
2. Nonprofit Firefighting Corporation State Aid Inclusion Provision Clarified. The provision was updated for style and a cross-reference was revised to clarify that the organizations are subject only to general law benefit coverage provisions.
– *Laws 2013, Ch. 111, Art. 6, Sec. 2. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
3. Definition of Fiscal Year Added. A definition of fiscal year was added to the volunteer firefighters' retirement chapter, defined to be the same as the calendar year.
– *Laws 2013, Ch. 111, Art. 6, Sec. 4. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
4. Clarification of Requirements after Return from Break In Service. A subdivision specifying service credit procedures following a break in service was revised by listing specific exceptions in federal and state law, such as family medical leaves, breaks in service to provide military service, and parental leaves.
– *Laws 2013, Ch. 111, Art. 6, Sec. 5. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
5. Separation From Service Exception Provision Revised. An exception provision to the service separation requirement for benefit receipt for certain firefighters rehired full time was revised. The prior law exception applied to individuals who were reemployed by the fire department on a full time basis after retirement. The revised law exception applies to individuals who discontinue volunteer firefighter duties and performs duties on a full time basis. As revised, the exception was expanded to apply also to deferred retirees or individuals where no separation of service occurred, merely a change to paid service, on a full-time basis.
– *Laws 2013, Ch. 111, Art. 6, Sec. 6. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
6. Transfer to Individual Retirement Account (IRA); Removal of Obsolete Language. An obsolete term "death benefits" was removed from the IRA transfer provision.
– *Laws 2013, Ch. 111, Art. 6, Sec. 7. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
7. Defined Contribution Plan Deferred Service Pension Provision; Removal of Obsolete Language. Pension qualification requirements in the defined contribution deferred service pension provision were replaced by a cross-reference to service and membership requirements in the service pension provision.
– *Laws 2013, Ch. 111, Art. 6, Sec. 8. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*

8. Defined Benefit Plan Deferred Service Pension Provision; Removal of Obsolete Language and Modifying Deferred Interest Requirements. Pension qualification requirements in the defined contribution deferred service pension provision were replaced by a cross-reference to service and membership requirements in the service pension provision; municipal approval is required of deferred interest rates set by the pension plan board; and computation of the interest period was simplified. The interest start date will be the first day of the month following the date that the member separates from service rather than the specific separation date. The end date will be the last day of the month before the date on which benefit receipt occurs rather than the day before benefit receipt.
– *Laws 2013, Ch. 111, Art. 6, Sec. 9. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
9. State Supplemental Benefit Provision, Removal of Obsolete Cross-reference. A cross-reference to a repealed subdivision was removed from a state supplemental benefit definition subdivision.
– *Laws 2013, Ch. 111, Art. 6, Sec. 10. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
10. State Supplemental Benefit Payment Provision, Removal of Bylaw Requirement. A requirement that a supplemental benefit could be paid only if specified in the plan’s bylaws or articles of incorporation was removed.
– *Laws 2013, Ch. 111, Art. 6, Sec. 11. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
11. Special Law Provision: White Bear Lake Death Benefit. The White Bear Lake Volunteer Firefighter Relief Association was authorized to pay a \$2,000 lump sum death benefit to the estates of firefighters with at least 20 years of service who retired before 2009, and who die after this special law is approved by the municipality. Local approval required.
– *Laws 2013, Ch. 111, Art. 6, Sec. 12. Source: SF 96 (Chamberlain); HF 156 (Dean, M.).*
12. Repealer. Minnesota Statutes, Section 424A.10, Subdivision 5, a retroactive supplemental benefit payment provision which is now obsolete, was repealed.
– *Laws 2013, Ch. 111, Art. 6, Sec. 11. Source: SF 1191 (Pappas); HF 1592 (Murphy, M.).*
13. Financial Report Threshold Revised. The requirement that volunteer fire relief associations with assets or liabilities of at least \$200,000 must file a financial report rather than a less detailed financial statement was revised to increase assets or liabilities threshold to \$500,000.
– *Laws 2013, Ch. 123, Sec. 1. Source: SF 746 (Sparks); HF 853 (Savick).*

II. GENERAL PENSION PROVISIONS

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

1. Benefit Accrual Rate Specification.
Application: All defined benefit plans within MSRS, PERA, TRA, and first class city teacher plans.
To address issues raised by the Revisor of Statutes, Minnesota Statutes, Section 356.315, Subdivisions 1 to 8, which had specified the accrual rates used in the various Minnesota defined benefit plans, was repealed and instead the applicable accrual rate or rates were placed in the benefit sections of the chapters governing each plan. Section 1 revises the MSRS-General benefit provision by including the applicable accrual rates there rather than using a cross-reference to Section 356.315. Similarly, Section 2 made a similar change in an MSRS-General special coverage provision for fire marshals. Sections 3 and 4 made applicable revisions for MSRS-Correctional. Section 5 and 6 made applicable revisions in State Patrol Plan provisions. Section 7 revised the PERA-General provision. Sections 8 to 11 revised PERA-P&F provisions. Section 12 and 13 revised PERA-Correctional provisions. Section 14 revised TRA, while Section 15 and 16 revised first class city teacher plan provisions. Section 17 addressed the combined service annuity provision, removing cross-references to maximum accrual rates applicable if service in the Judges Plan, PERA-P&F, or State Patrol Plan is used in a combined service annuity, and instead directly stating those rates. Sections 19 and 20 made applicable revisions in the Judges Plan provisions. Minnesota Statutes, Section 356.315, Subdivision 9, the subdivision stating that benefit accrual rate increases are to be prospective only, and the only subdivision in Section 356.315 which is not being repealed, was revised for conformity by inserting reference to the applicable benefit provisions found in the provisions for each plan.
– *Laws 2013, Ch.111, Art.4, Sec. 1-20. Source: Commission amendment S0489-12A.*
2. Approval of Optional Annuity Factors and Implementation Schedule.
Application: MSRS, PERA, TRA, and first class city teacher plans.
The MSRS, PERA, TRA, and first class city teacher plan boards were required to approve early retirement and optional annuity factors, subject to Commission actuary review, to establish an implementation schedule, and to inform the Commission of the schedule.
– *Laws 2013, Ch.111, Art.8, Sec. 2-5. Source: Commission amendment S1191-3A.*

3. Teacher Plans Consolidation Study.

Application: TRA and first class city teacher plans.

DTRFA, SPTRFA, and TRA were required to study and report to the Commission by January 6, 2014, the feasibility and financial requirements for consolidating the first class city teacher plans into TRA.

– *Laws 2013, Ch. 111, Art. 13, Sec. 22. Source: House Ways and Means amendment H1152-8A*

4. New State Pension Aid Program: Supplemental State Aid.

Application: PERA-P&F, State Patrol Plan, all recipients of fire state aid.

A new state aid program was created called Supplemental State Aid, funded by a \$15.5 million annual appropriation. The annual appropriation is to be allocated 58.065% to PERA-P&F, 35.484% to municipalities other than those solely using firefighters covered by PERA-P&F, and 6.452% to MSRS on behalf of the State Patrol Plan. The portion allocated to municipalities other than those solely using firefighters covered by PERA-P&F was allocated within that group based on the proportion of fire state aid received relative to that group. Any reporting failure or other matter that would cause delay or forfeiture of fire state aid also applies to this new supplemental aid. The aid program shuts off when PERA-P&F and the State Patrol Plan both become at least 90% funded.

– *Laws 2013, Ch. 143, Art. 2, Sec. 6. Source: S.F.552 (Skoe); H.F. 677 (Lenczewski).*

5. SBI Investment Authority Revisions.

Application: SBI-invested pension funds.

The State Board of Investment authorized investment provision was revised by authorizing swap contracts, if market-to-market and traded on a regulated contract market.

– *Laws 2013, Ch.111, Art.1, Sec.1. Source: Commission amendment S0489-9A; House Ways & Means amendment H0629-5.*

6. Revised Contribution Rate Revision Procedures; Various MSRS Plans.

Application: MSRS-General, MSRS-Correctional, and State Patrol Plan.

The contribution rate revisions procedures in law were revised as follows:

- For MSRS-General, the revised procedures require a recommendation to the Commission to reduce employee and employer contribution rates by equal amounts if a sufficiency greater than 1% of payroll exists for more than two years, or to increase rates equally if a contribution deficiency of more than 0.5% of payroll exists for more than two years. If the deficiency is less than 2%, the rates may be increased by as much as 0.25% each, per year. If the deficiency is greater than 1.99% and less than 4.01%, the rates may be increased by as much as 0.5% each, per year. If the deficiency is greater than 4%, the rate increases may be as much as 0.75% each, per year. The increases or decreases become effective unless the Commission recommends a different course of action. In proposing any increase or decrease, MSRS must take into account any need for revised actuarial assumptions and the likely impact on contribution requirements due to acceptance of revised assumptions. Proposing to use sufficiencies to pay for proposed benefit improvements is prohibited.
- Procedures for MSRS-Correctional and the State Patrol Plan were revised the same as for MSRS-General, except that the size of contribution rate increases or decreases as stated above for MSRS-General apply only to the MSRS-Correctional and State Patrol Plan employee contributions. The employer contributions must be revised in whatever amount is necessary to ensure that employer contributions remain at 60% of total contributions.

– *Laws 2013, Ch. 111, Art.2, Sec.11-12, 33. Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*

7. MSRS Disability Administrative Changes.

Application: MSRS plans.

Various changes were made to MSRS disability policies and procedures, as follows:

- MSRS is permitted to use medical advisers other than the Department of Health;
- Physician assistants may provide disability examinations;
- Medical professionals providing disability determination or review services must be licensed;
- Disability medical reports must include a determination of whether the disability arose prior to the employee being placed on leave or prior to termination of service;
- Disability approvals may include determination of a date by which the disabilitant is expected to have sufficiently recovered to no longer qualify for disability;
- Any disability claim filing must include an employer report indicating that the employer was not able to find a work position to accommodate the person;
- Disability applicants and existing disabilitants must submit to a medical examination or rehabilitation assessment if requested by the executive director. An applicant or existing disabilitant who refuses to be examined shall be denied benefits; and
- The authority of the executive director to require submission of medical or psychological evidence in support of disability benefit continuation was expanded.

– *Laws 2013, Ch. 111, Art.2, Sec.10, 13-16. . Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*

8. MSRS Disabilitant Earnings Reports Required.
Application: MSRS-General, MSRS-Correctional, State Patrol Plan.
 New subdivisions were created requiring disabilitants to file annual disabilitant earnings reports. MSRS was authorized to suspend benefits for lack of compliance.
 – *Laws 2013, Ch.111, Art. 2, Sec. 17, 22. Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*
9. Actuarial Valuations: Requiring a Statement Rather than Disclosure of Compliance Requirements.
Application: All defined benefit plans.
 The pension fund financial report requirements provision in Chapter 356 applicable to all Minnesota public plans was revised by requiring a statement rather than an exhibit or footnote disclosure, by specifying that the actuarial valuation calculations prepared by the actuary are consistent with legal requirements and the Commission’s Standards; and that the report will include a certification rather than a disclosure item stating that normal costs and accrued liabilities, rather than the required reserves for plan benefits, are computed in accordance with the entry age cost method.
 – *Laws 2013, Ch. 111, Art. 2, Sec. 24. Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*
10. Actuarial Value of Assets Definition, Removing Obsolete Language.
Application: All defined benefit plans.
 The definition of actuarial value of assets in chapter 356 was revised by eliminating obsolete language.
 – *Laws 2013, Ch. 111, Art.2, Sec. 26. Source: S.F. 696 (Goodwin); H.F. 628 (Murphy, M.).*
11. PERA Plans: Removal of Social Security Leveling Option.
Application: All PERA defined benefit plans.
 The PERA Social Security leveling option, which permitted individuals retiring early to accelerate (increase) the benefit paid from the PERA plan before age 62 (the earliest age to commence Social Security benefits) with sizable reductions in the PERA benefit after age 62 to compensate for the higher early PERA payout, was repealed. Language specifying how to compute post-retirement adjustments when a Social Security leveling option is involved was stricken.
 – *Laws 2013, Ch. 111, Art. 3, Sec. 28, 29, 31. Source: S.F. 275 (Pappas); H.F. 341 (Nelson).*
12. Internal Revenue Service (IRS) Compliance Provision: Clarifying Mandatory Distribution Provision.
Application: All plans.
 An IRS compliance provision specifying ages at which retirement benefits for those no longer employed must commence was clarified by adding language specifying that consent of the individual is not required if the distribution is required to commence by law.
 – *Laws 2013, Ch. 111, Art. 3, Sec. 30. Source: S.F.277 (Pappas); H.F. 342 (Nelson).*
13. Termination of Survivor Designation, Other Than Spouse of Former Spouse.
Application: All plans included under the combined service annuity provision (all MSRS plans, all PERA defined benefit plans other than the PERA-SVF, TRA, and the first class city teacher plans).
 Any retiree or disabilitant from a combined service annuity plan is permitted to terminate the non-spousal optional annuity survivor designation if the designated survivor agrees. Counseling must be offered to the annuitant and designated survivor regarding the implications of the waiver. The survivor coverage is waived if the annuitant and designated survivor sign notarized survivor coverage forms waiver forms. Those forms must indicate that counseling has either been received or has been waived by both the annuitant and survivor designee. Upon filing of valid termination statements with the executive director of the applicable plan, the retiree or disability must receive benefits based on a single life annuity, and survivor coverage ends. No further revision of the annuity form is permitted.
 – *Laws 2013, Ch. 111, Art.7, Sec. 7. Source: S.F.573 (Eaton); H.F. 420 (Hillstrom).*
14. Post-Retirement Adjustment Revision, PERA-General and PERA-Local Government Correctional.
Application: PERA-General and PERA-Correctional.
 For PERA-General and PERA-Correctional post-retirement adjustments, the definition of funding stability needed to pay higher postretirement increases was revised by requiring the funding ratio, based on market value, to exceeds 90% in two consecutive actuarial valuations, rather than in a single actuarial valuation, and by a new requirement that reduced adjustments again occur, following restoration of funding stability, if the funding ratio based on market value falls below 85% in two consecutive actuarial valuations or below 80% in one.
 – *Laws 2013, Ch. 111, Art. 11, Sec. 13. Source: SF 447 (Pappas); HF 618 (Nelson).*
15. PERA Plans Salary Definition Revisions.
Application: All PERA plans.
 - Inclusions. The definition of salary for pension purposes in PERA plans was expanded to specifically include pension plan contributions “picked up” by the employer under Section 356.62 for current tax purposes; employee contributions to supplemental plans, including post-retirement

health care expense plans; non-wrongful-discharge salary reductions remedied through a grievance; amounts paid to a member on a personal, parental, or military leave or breaks in service; amounts paid to a member who is absent from employment due to an authorized medical leave if specified in advance; and performance payments and merit pay amounts.

- Exclusions. The salary definition was also revised to specifically exclude lump sum personal/benevolent leave donation payments; retirement incentive payments; expense allowances and per diem payments; disability insurance payments including employer self-insurance arrangements; employer-paid fringe benefits including but not limited to employer-paid premiums for all types of insurance, fitness center or recreational facility fees or dues, wellness program incentive payments, the value of nonmonetary benefits, any payment in lieu of employer-paid fringe benefits, employer-paid amounts to deferred compensation or tax-sheltered annuity programs, and an amount paid by the employer as a supplement to salary that is not available to the employee as cash; and any bonus payment that is not performance- or merit-based.
- *Laws 2013, Ch. 111, Art.10, Sec. 1. Source: SF273 (Pappas); HF 343 (Nelson).*

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. Estimated Market Value: Clarification of Market Value for Use in Fire State Aid Allocation.
Application: All recipients of fire state aid.
In what appears to be a clarification rather than a substantive change, the definition of “market value” for purposes of fire state aid allocations was revised to “estimated market value.” As revised, “estimated market value,” rather than “market value” means the estimated market value, rather than market value, of all property in a taxing jurisdiction which appears on abstracts filed with the Commissioner of Revenue or equalized by the State Board of Equalization.
– *Laws 2013, Ch. 143, Art. 14, Sec. 3-5. Source: SF552 (Skoe); HF 677 (Lenczewski).*
2. Commission Standards Provision Revised.
Application: All plans.
A provision governing the Commission Standards for Actuarial Work was revised by clarifying that the standards document may include financial, funding, or valuation requirements beyond those required under generally accepted accounting principles.
– *Laws 2013, Ch. 286, Art. 1, Sec. 4. Source: SF 696 (Goodwin); HF 628 (Murphy, M.)*
3. Pension Plan Administration Reporting of Illegal Activities to State Auditor.
Application: First class city teacher plans, volunteer fire plans, and Bloomington Fire.
A provision in the criminal code chapter of statutes, which requires public employees and public officers to report theft, embezzlement, or improper use of public funds to the State Auditor, was revised to include reporting of any of these activities by the first class city teacher plan, volunteer fire plan, or Bloomington Fire Department Relief Association staff or administrators.
– *Laws 2013, Ch. 35, Sec. 1. Source: SF 324 (Johnson, Alice); HF 441 (Hilstrom)*
4. State Patrol Plan Appropriations.
Application: State Patrol Plan.
For Fiscal Year 2015, \$649,000 is appropriated in combination from the General Fund, Trunk Highway Fund, and Highway User Tax distribution Fund to finance employer contributions to the State Patrol Plan, and the base appropriation from the three funds in total for Fiscal 2017 will be \$1,298,000.
– *Laws 2013, Ch. 111, Art. 16, Sec. 1. Source: Senate Finance amendment SCS1191A-2, House Ways and Means amendment H1152-8A, and conference committee amendment.*
5. Voluntary Union Membership Dues Deduction Provision Revised.
Application: MSRS and PERA retirees.
The retirement plan must, rather than may, deduct union dues from the person’s benefit payments if the individual requests that treatment in writing and the deduction may also include deduction of “other payments” to the labor organization. The deductions shall be made monthly rather than semi-annually. Any union that is an exclusive bargaining agent representing public employees or an organization representing retired public employees may conduct blind mailings to the retirement system’s annuitants by requesting that that the retirement system mail voluntary membership information and dues deduction cards to the annuitants. These mailings cannot be for the purpose of supporting or opposing any candidate, political party, or ballot measure, and the organization requesting the mailings, rather than the retirement system, must cover the cost.
– *Laws 2013, Ch. 111, Art. 15, Sec. 1. Source: SF 439 (Saxhaug); HF 539 (Nelson).*