



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Ed Burek, Deputy Director  
RE: Summary of 2014 Legislative Session Pension Legislation  
DATE: June 17, 2014

This memo summarizes the 2014 legislative session pension provisions. Most were contained in the Omnibus Retirement Bill which was passed as Laws 2014, Chapter 296. Other provisions appeared in a Revisor of Statutes technical corrections bill, a tax bill, a supplemental appropriations bill, and other miscellaneous legislation.

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)

#### Provisions Applicable to Multiple MSRS Plans

1. Deferred Members Authorized to Vote in MSRS Board Elections. The board election provision was revised to permit deferred members to vote in MSRS board elections, generally for the active member candidates. If an individual is a retiree of an MSRS plan and an active member of another MSRS plan, the person is only eligible to vote in elections applicable due to the active member status. If the person is a deferred annuitant of an MSRS plan and a retired member of another, the person is only eligible to vote in elections applicable due to the retiree status.  
– *Laws 2014, Ch. 296, Art. 2, Sec. 1-2. Source: SF 1326 (Goodwin); H.F.1410 (Nelson)*
2. Revised Post-Retirement Adjustment Trigger Mechanism. For MSRS plans other than the State Patrol Retirement Plan, the post-retirement adjustment trigger procedure was revised to require the funding ratio based on market value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments greater than 2% can be paid. This provision also applies to the Judges Retirement Plan after that plan has first exceeded its own revised trigger procedure of two consecutive Judges Plan actuarial valuations indicating a funding ratio based on market value of at least 70%.  
– *Laws 2014, Ch. 296, Art. 11, Sec. 3. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*
3. Reemployed Annuitants: Revised Holding Account Treatment in Certain Divorce Situations. (*Applicable to MSRS-General and MSRS-Correctional*) The MSRS reemployed annuitant provision was revised by specifying that if the reemployed annuitant has a former spouse receiving a portion of the annuity under a divorce decree, the portion payable to the ex-spouse under the divorce decree terms must not be suspended. The provision was also revised by clarifying the timing of the suspension of the annuity to the MSRS retiree; if reemployment income exceeds the exempt limit, the benefit payment suspension begins the first of the following month.  
– *Laws 2014, Ch. 296, Art.13, Sec. 4, 12, 17. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*
4. Annuity Application and Accrual Provision Revised. For MSRS defined benefit plans, annuity applications may not be submitted more than 60 days before the annuity is to commence rather than no earlier than 90 days before the person first meets the qualifying age and service requirements.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 3. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*

## **General State Employees Retirement Plan (MSRS-General)**

1. Included Employees Provision Revised. The MSRS-General included employee provision was clarified by explicitly including MSRS employees in the coverage provision, and by adding to the provision certain groups who are plan members due to prior Special Law; State Agricultural Society employees; individuals who were Gillette Children's Hospital Board employees on March 28, 1974, and who were in state unclassified service; and pre-June 30, 2003, Conservation Corps Minnesota employees if approved for coverage by that organization's board.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 1. Source: SF 2428 (Pappas); HF 2682 (Nelson)*
2. Excluded Employees Provision Revised. The MSRS-General excluded employee provision was clarified by explicitly excluding MSRS-General, MSRS-Correctional, State Fire Marshall, Military Affairs, and Transportation Department Pilot reemployed annuitants; by clarifying visa exclusions for those restricted to working no more than three years; by clarifying the exclusion for members of a religious order; by eliminating obsolete classifications; by grouping similar student/trainee exclusions (students, student workers, interns, trainees); by grouping exclusions for those who, by law, are members of another Minnesota pension plan, who chose to transfer to another plan, or who are federal employees; and by grouping exclusions for those who are short-term, temporary, or intermittent employees.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 2. Source: SF 2428 (Pappas); HF 2682 (Nelson)*
3. MSRS-General Employee and Employer Contribution Rate Increase Codified. Consistent with MSRS board recommendations and based on the operation of the MSRS procedure for revising contribution rates (Minn. Stat. Sec. 352.045), the MSRS-General employee and employer contribution rates were each increased by 0.5% of pay (from 5% to 5.5% of pay), beginning July 1, 2014.  
– *Laws 2014, Ch. 296, Art. 3, Sec. 1-2. Source: SF 2441 (Pappas); HF 3013 (Nelson)*
4. Employer Clarification: Metropolitan Council Employer Contribution Provision for Members on Leave to Serve Labor Organizations. This provision was in a bill updating and removing obsolete Metropolitan Council provisions. A provision governing Metropolitan Council responsibility to pay employer contributions for its employees on leave to provide services to a labor organization which is the exclusive bargaining agent representing Metro Transit Division employees was revised by updating the division's name and by clarifying that the Metropolitan Council is the employer, and not the Office of Transit Operations.  
– *Laws 2014, Ch. 271, Art. 3, Sec. 15. Source: SF 2617 (Sparks); HF 2948 (Mahoney)*

## **Correctional State Employees Retirement Plan (MSRS-Correctional)**

1. MSRS-Correctional Employee and Employer Contribution Rate Increase Codified. Consistent with MSRS board recommendations and based on the operation of the MSRS procedure for revising contribution rates (Minn. Stat. Sec. 352.045), the MSRS-Correctional employee contribution rate was increased by 0.5% of pay (from 8.6% to 9.1% of pay) and the corresponding employer contribution rate is increased by 0.75% of pay (from 12.10% to 12.85%), beginning July 1, 2014.  
– *Laws 2014, Ch. 296, Art. 3, Sec.3-4. Source: SF 2441 (Pappas); HF 3013 (Nelson)*
2. Revisions in State Operated Forensic Services Program Provisions. Plan coverage was expanded by replacing coverage for the Minnesota Security Hospital with coverage for the State-Operated Forensic Services Program, consisting of the Minnesota Security Hospital, the Forensic Nursing Home, the Forensic Transition Service, and the Competency Restoration Program. The revised provisions are the plan policy statement provision (Sec. 352.90), the covered correctional service qualifying jobs subdivision (Sec. 352.91, Subd. 1), the covered correctional service maintenance, correctional industry, and trades subdivision (Sec. 352.91, Subd. 2), the covered correctional service nursing personnel subdivision (Sec. 352.91, Subd. 3c), the covered correctional service other correctional personnel subdivision (Sec. 352.91, Subd. 3d), and the covered correctional service additional Department of Human Services personnel subdivision (Sec. 352.91, Subd. 3f). In addition, a new subdivision was added to the covered correctional service section (Sec. 352.91, Subd. 3j) defining "state-operated forensic services program" to mean the Minnesota Security Hospital, the Forensic Nursing Home, the Forensic Transition Service, and the Competency Restoration Program.  
– *Laws 2014, Ch. 296, Art.5, Sec. 1-5, 7-8. Source: SF 2308 (Johnson); HF 2607 (Murphy, M., by req.)*

3. Revised Reference to Licensed Practical Nurse Positions. In recognition of the consolidation of the “licensed practical nurse 1” and “licensed practical nurse 2” occupational titles, references to those positions were replaced with “licensed practical nurse” in the nursing personnel and additional Department of Human Services personnel provision (Sec. 352.91, Subd. 3c, 3f).  
– *Laws 2014, Ch. 296, Art.5, Sec. 4, 7. Source: SF 2308 (Johnson); HF 2607 (Murphy, M., by req.) and House Ways and Means amendment H1951A1*
4. Addition of Clinical Program Therapist 2 Position. The position “clinical therapist 2” was added for plan coverage if the minimum 75% inmate or patient contact standard is met.  
– *Laws 2014, Ch. 296, Art.5, Sec. 7. Source: SF 2308 (Johnson); HF 2607 (Murphy, M., by req.) and House Ways and Means amendment H1951A1*
5. Correction of Disability Filing Deadline Cross-Reference. In the Revisor of Statutes' technical correction bill, the MSRS-Correctional disability benefit provision was revised by correcting a cross-reference to a provision specifying the application deadline date.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 25. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
6. Grandfathering of Continued Plan Coverage for Certain Minnesota Specialty Health System-Cambridge Employees. Any MSHS-Cambridge employee with MSRS-Correctional coverage immediately before the conversion of the facility to the Community-Based Homes Program retains that coverage, no matter what Department of Human Services facility employs the person, if there is no break in service with direct care and treatment services administration.  
– *Laws 2014, Ch. 296, Art.5, Sec. 6. Source: SF 2308 (Johnson); HF 2607 (Murphy, M., by req.)*

### **State Patrol Retirement Plan**

1. Correction of Disability Filing Deadline Cross-Reference. In the Revisor's technical correction bill, the State Patrol Retirement Plan disability benefit provision was revised by correcting a cross-reference to a provision specifying the application deadline date.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 25. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
2. Clarifying Application of Appropriation Provision. In the Revisor's technical correction bill, an appropriation in the 2013 Omnibus Pension Bill was revised by adding language clarifying that the appropriation is intended to help cover a State Patrol Retirement Plan employer contribution increase.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 24. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
3. Revised Post-Retirement Adjustment Trigger Mechanism. The post-retirement adjustment trigger procedure was revised to require a State Patrol Retirement Plan funding ratio based on market value of at least 85% in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments greater than 1% can be paid. Similarly, a funding ratio of at least 90% in two consecutive actuarial valuations, rather than in a single actuarial valuation, is required before post-retirement adjustments greater than 1.5% can be paid.  
– *Laws 2014, Ch. 296, Art. 11, Sec.5. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*

### **Unclassified State Employees Retirement Program (MSRS-Unclassified)**

1. Revised, Expanded Plan Investment Offerings. The MSRS-Unclassified investment selection provision was repealed and replaced with a new subdivision specifying that SBI will select suitable investment offerings from an expanded selection of authorized investments under new Section 356.645.  
– *Laws 2014, Ch.296, Art.13, Sec. 9, 18. Source: SF 1713 (Pappas); HF 2163 (Nelson)*
2. Participant Selection of Investment Provision. A new participant selection of investment subdivision was created, based in part on material moved from a repealed subdivision, which authorizes the plan member to specify how contributions are to be allocated among different available investments, authorizes revisions in the allocation, and authorizes the MSRS board to determine the default investment allocation if a member fails to specify an allocation.  
– *Laws 2014, Ch.296, Art.13, Sec.10. Source: SF 1713 (Pappas); HF 2163 (Nelson).*
3. Modification of MSRS Board Duties and Powers Provision, Approval of Unclassified Plan Retirement Annuity Factors. The MSRS board duties and powers provision was revised to explicitly include authority to approve MSRS-Unclassified retirement annuity factors.  
– *Laws 2014, Ch. 296, Art. 44, Sec. 3. Source: SF2442 (Pappas); HF 2827 (Murphy, M.)*

## Judges Retirement Plan

1. Removal of Cross-References to Repealed Provisions in Tier I and Tier II Definitions. In the Revisor's technical correction bill, cross-references to provisions that were repealed in 2013 were removed from the definitions of Tier I and Tier II judges.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 20, 21. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
2. Annuity Computation Provision Revised by Removing References to Repealed Provisions. In the Revisor's technical correction bill, references to repealed provisions which had specified the applicable accrual rates to be used to compute annuities are removed and the applicable accrual rates were inserted. A provision in Minnesota Statutes, Chapter 356, specifying the Tier II accrual rate added in 2013 was similarly repealed, since the provision is unnecessary because the rate is specified directly in the annuity computation provision.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 22, 26. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
3. Revised Post-Retirement Adjustment Trigger Mechanism. The post-retirement adjustment trigger procedure was revised to require a Judges Retirement Plan funding ratio based on market value of at least 70% in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments greater than 1.75% can be paid.  
– *Laws 2014, Ch. 296, Art. 11, Sec. 6. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*

## Legislators Retirement Plan

1. Erroneous Defined Benefit Plan Coverage Provision, Technical Correction. In the Revisor's technical correction bill, the correction of erroneous defined benefit plan coverage provision in Minnesota Statutes, Chapter 356, was revised by correcting a cross-reference, necessary due to the merger of the Elective State Officers Retirement Plan into the Legislators Retirement Plan by the 2013 Legislature.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 15. Source: SF 1997 (Latz); HF 2546 (Yarusso)*

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

### Provisions Applicable to Multiple PERA Plans or Applicable to the PERA Administration

1. PERA Overtime Pay Reporting. The PERA employer reporting provision was revised to require employing units to provide a separate identification of salary representing overtime pay.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 11. Source: SF 2115 (Pappas); HF 2524 (Nelson.)*
2. PERA Reemployed Annuitants: Revised Holding Account Treatment in Certain Divorce Situations. For PERA defined benefit plans, the reemployed annuitant provision was revised to add a subdivision specifying that if an annuity is to be reduced or suspended and the annuitant has a former spouse receiving a portion of the annuity under a divorce decree, the portion payable under the divorce decree terms is not suspended or deferred and must continue to be paid.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 4, 12, 17. Source: Commission amendment S2442-4A to SF 2442 (Pappas); HF 2827 (Murphy, M.)*
1. New Requirement; Disclosure of Reason for Membership Exclusion. If a public employer excludes an employee from PERA membership, the public employer, using a form provided by PERA, must disclose to the employee the reason for the exclusion including the statutory basis for the decision.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 5. Source: SF 2428 (Pappas); HF 2682 (Nelson).*
3. Study of Local Police and Paid Firefighter Relief Association Benefits under Consolidation. The executive director of PERA must study and report to the Commission by February 1, 2015, regarding the situation of former members and surviving spouses of consolidated local police and salaried fire relief association which consolidated into PERA-P&F under the PERA Local Relief Association Consolidation chapter, Minnesota Statutes, Chapter 353A.  
– *Laws 2014, Ch. 296, Art. 9, Sec. 7. Source: SF 1639 (Hayden); HF 1800 (Kahn).*

### General Employee Retirement Plan (PERA-General)

1. Revisions to the Included Employee Provision; Minimum Salary Threshold for Membership; Inclusion of PERA Employees; Certain Stevens County Housing and Redevelopment Authority Employees. Three changes were made in the PERA included employee provision: rather than

basing the minimum salary threshold for membership on monthly earnings (\$425 in a month), the threshold will be based on stipulated annual amounts (\$3,800 in a year if the individual is a school year employee and \$5,100 if not a school year employee); individuals first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014 are PERA included employees unless excluded by other provisions of PERA law; and the inclusion in the plan of PERA employees was codified.

– *Laws 2014, Ch. 296, Art. 1, Sec. 3. Source: SF 2148 (Westrom); HF 1894 (McNamar), and SF 2428 (Pappas); HF 2682 (Nelson), and conference committee report*

2. Special Law; Validation of Past Stevens County Contributions. Consistent with the above provision, past contributions for Stevens County Housing and Redevelopment Authority employees hired after November 7, 1984, and before May 1, 2014, were ratified.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 9. Source: SF 2148 (Westrom); HF 1894 (McNamar)*
3. Excluded Employee Provision Revisions. A reference to a local carpenter union exclusion was corrected; an exclusion was added (retroactive to August 1, 1986) for full-time fixed route bus drivers employed by the St. Cloud MTC who are covered by the Teamsters Central States Pension Plan; the election official exclusion was generalized to apply to any person employed solely to administer elections; language was added specifying that emergency employees who become probationary employees during the same pay period will become plan members with coverage retroactive to the start of the pay period; and the provision was updated for style.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 4. Source: SF 1943 (Pederson); HF 1873 (O'Driscoll), and SF 2428 (Pappas); HF 2682 (Nelson)*
4. Employee and Employer Contribution Rate Increase Codified. Consistent with PERA board recommendations and based on the operation of the PERA procedure for revising contribution rates (Minn. Stat. Sec. 353.27, Subd. 3b), the PERA-General employee and employer contribution rates were each increased by 0.25% (from 6.25% to 6.5% of pay), beginning January 1, 2015.  
– *Laws 2014, Ch. 296, Art. 3, Sec.5-6. Source: SF 2441 (Pappas); HF 3013 (Nelson)*
5. Contribution Rate Revision Procedure Revised. The PERA-General procedure for revising contribution rates (Minn. Stat. Sec. 353.27, Subd. 3b) was revised to make any changes in contribution rates effective on January 1 of the following calendar year rather than the start of the next fiscal year.  
– *Laws 2014, Ch. 296, Art. 3, Sec. 7. Source: SF 2441 (Pappas); HF 3013 (Nelson).*
6. PERA PRO Program Extension, Expiration Date Added. The PERA Post Retirement Options (PRO) Program was revised by adding an expiration date provision and the June 30, 2014, expiration date language in prior law was stricken. The effect of these changes is that the program is extended until June 30, 2024, and no new PRO positions are permitted to be entered into after June 30, 2019.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 13, 25. Source: SF 2015 (Pappas); HF 2524 (Nelson)*
7. Removing Obsolete Cross-Reference from MERF Division Account Provision. In the Revisor of Statutes' technical correction bill, the MERF Division account revenue and disbursements provision in PERA was revised by eliminating a reference to a state aid provision that was repealed in 2010.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 6. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
8. Removing Obsolete Cross-References in Collection of Unpaid Accounts Provision. In the Revisor's corrections bill, the PERA collection of unpaid accounts provision was revised by eliminating cross-references to two chapters of statutes which were repealed in 2013 (Ch. 353A and 353B), related to local relief associations and their consolidation into PERA or PERA-P&F.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 7. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
9. Removing Miscellaneous Language from Retirement Annuity Formula Provision. In the Revisor's corrections bill, a meaningless phrase inadvertently left by an earlier revision effort in PERA's retirement annuity formula provision relating to basic members was stricken.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 8. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
10. Revisor's Bill: Repeal of Obsolete Coverage Provision for Certain Minneapolis Employees. In the Revisor's corrections bill, an obsolete provision (Minn. Stat. Sec. 353.026) authorizing PERA-General coverage for Minneapolis employees who in 1978-79 were excluded from Minneapolis Employees Retirement Fund (MERF) Coordinated Plan coverage, was repealed.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 26. Source: SF 1997 (Latz); HF 2546 (Yarusso)*

11. Special Law; Purchase of Salary Credit by Certain Duluth/Duluth Airport Authority Employees. In an effort to comply with a Court of Appeals decision that certain salary-supplement payments deposited in the employee deferred compensation accounts should have been considered salary for PERA pension purposes, individuals who were Duluth or Duluth Airport Authority employees from August 1, 2007, to December 31, 2011, or the surviving spouse of such an employee, are permitted to make employee contributions to PERA-General or PERA-P&F, whichever provided coverage, on the amounts deposited in the deferred compensation account but for which PERA did not previously accept contributions. Benefits are to be revised accordingly. The employee contributions and the accompanying employer contributions will be without interest. Any past action by PERA or the employers to comply with these terms, despite acting prior to legislative approval, were ratified.  
– *Laws 2014, Ch. 296, Art. 14, Sec. 2. Source: SF 2427 (Pappas); HF 2790 (Murphy, M.).*

### **Public Employees Defined Contribution Plan**

1. Removal of Reference to Obsolete Contribution Authority Provision. In the Revisor of Statutes' technical correction bill, a provision prohibiting Public Employees Defined Contribution Plan contributions by former members of the plan was revised by eliminating reference to an obsolete exception provision that was repealed in 2010.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 11. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
2. Expansion of Plan Investment Alternatives. The PERA investment provision was revised by specifying investments available to Public Employees Defined Contribution Plan members by cross-reference to new investment author provision (new Section 356.645), which has the effect of broadening available investments beyond those offered by the State Board of Investment Supplemental Investment Fund.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 15. Source: SF 1713 (Pappas); HF 2163 (Nelson)*
3. Participant Selection of Investment Provision. A new participant selection of investment subdivision was created, based in part on material moved from a repealed subdivision, which authorizes the plan member to specify how contributions are to be allocated among different available investments, authorizes further revisions in the investment allocation, and authorized the PERA board to specify a default investment allocation to be used if the member fails to specify an allocation.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 16. Source: SF 1713 (Pappas); HF 2163 (Nelson)*

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

1. Clarification of Post-Retirement Adjustment Cross-References; Minneapolis Firefighters and Minneapolis Police Relief Associations PERA-P&F Consolidations. In post-retirement adjustment provisions eventually applicable to members of the former Minneapolis Firefighters and Minneapolis Police Relief Associations who were active members as of December 31, 2011, cross-references were corrected and made more specific.  
– *Laws 2014, Ch. 296, Art. 9, Sec. 1-2. Source: SF 2532 (Hayden); H.F.2554 (Kahn)*
2. Correction of Cross-References in Fund Establishment Provision. In the Revisor of Statutes' technical correction bill, employer contribution cross-references in a PERA-P&F fund establishment provision were corrected, and cross-references to provisions repealed in 2013 or which are otherwise obsolete were removed.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 9. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
3. Correcting Cross-References in Fund Crediting of Contributions Provision. In the Revisor's correction bill, an obsolete reference to an excess contribution provision is removed from the PERA-P&F fund crediting of contribution provision.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 10. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
4. Revised Early Retirement Provision; New Uncoded Laws Specific to County Sheriffs. The PERA-P&F early retirement post-retirement adjustment provision was revised by striking coded language which had temporary application to county sheriffs and by moving that language in a slightly altered form into two new uncoded sections. The two uncoded sections give county sheriffs approximately one additional month (until February 1, 2015) to terminate service and receive early retirement benefits before less-favorable terms under the PERA-P&F general law early retirement provision would become applicable, and provide these sheriffs with a limited exemption from the less-favorable 2013 post-retirement adjustment change if the sheriff concludes that service in January 2015.  
– *Laws 2014, Ch. 296, Art. 13, Sec. 14, 19, 26-27. Source: SF 2015 (Pappas); H.F.2524 (Nelson), and Commission amendment LCPRI4-01A*

5. Special Law; Prior Wadena County Sheriff's Deputy, Extension of Deadline to File Disability Application Related to Shooting Incident. Despite a November 2007 filing deadline, a former Wadena County sheriff's deputy is permitted to file a disability application related to post-traumatic stress caused by a shooting incident to which the deputy responded.  
– *Laws 2014, Ch. 296, Art. 14, Sec. 1. Source: SF 2680 (Eken); H.F.1352 (Marquart)*
6. Special Law; Purchase of Salary Credit by Certain Duluth/Duluth Airport Authority Employees. In an effort to comply with a Court of Appeals decision that certain salary-supplement payments deposited in the employee deferred compensation accounts should have been considered salary for PERA pension purposes, individuals who were Duluth or Duluth Airport Authority employees from August 1, 2007, to December 31, 2011, or the surviving spouse of such an employee, are permitted to make employee contributions to PERA-General or PERA-P&F, whichever provided coverage, on the amounts deposited in the deferred compensation account but for which PERA did not previously accept contributions. Benefits are to be revised accordingly. The employee contributions and the accompanying employer contributions will be without interest. Any past action by PERA or the employers to comply with these terms, despite acting prior to legislative approval, were ratified.  
– *Laws 2014, Ch. 296, Art. 14, Sec. 2. Source: SF 2427 (Pappas); HF 2790 (Murphy, M.).*
7. Special Law; Purchase of Prior Service Credit, Mille Lacs Band Tribal Police Department. An active PERA-P&F member is permitted to purchase PERA-P&F service credit at full actuarial value for two years of tribal police department employment immediately preceding initial active PERA-P&F membership.  
– *Laws 2014, Ch. 296, Art. 14, Sec. 3. Source: H.F.3220 (Radinovich)*

### **Teachers Retirement Association (TRA)**

1. Temporary IRAP Provision Permitting Election of TRA Coverage upon Reaching Tenure Made Permanent. The Individual Retirement Account Plan (IRAP) provision permitting members to transfer retirement coverage to TRA within one year of achieving tenure, with the payment of full actuarial value for the prior service, was made permanent rather than expiring on June 30, 2014.  
– *Laws 2014, Ch. 296, Art. 8, Sec.6. Source: SF 713 (Pappas); HF 872 (Kahn)*
2. Revised TRA Post-Retirement Adjustment Trigger Mechanism. The post-retirement adjustment trigger mechanism procedure was revised to require a funding ratio based on market value of at least 90% in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments greater than 2% can be paid.  
– *Laws 2014, Ch. 296, Art. 11, Sec.4. Source: Commission amendment S2442-3A to SF 2442 (Pappas); HF 2827 (Murphy, M.)*
3. TRA Medical Advisor Provision Revision. The TRA medical advisor provision was revised to permit use of medical advisors other than those designated by the Commissioner of Health in disability determinations.  
– *Laws 2014, Ch. 296, Art. 13, Sec.18. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*
4. TRA Reemployed Annuitants Provision Revision. The TRA reemployed annuitant provision was revised by specifying:
  - a. If any portion of the annuity is to be deferred due to the operation of the reemployed annuitant provision, and the annuitant has a former spouse receiving a portion of the annuity under a divorce decree, the portion payable under the divorce decree terms to the former spouse must not be deferred; and
  - b. Salary, for purposes of the provision, includes salary or payments to a third-party supplier, or as an employee of a consultant, independent contractor, or third-party supplier.
 – *Laws 2014, Ch. 296, Art.13, Sec. 17. Source: Commission amendment S2442-4A to SF2442 (Pappas); HF 2827 (Murphy, M.).*
5. TRA Added to Chapter 356 Voluntary Membership Dues Provision. TRA is added to the voluntary membership dues provision in Chapter 356 permitting, at the request of the annuitant, dues for labor or retiree organizations to be deducted from the annuity and sent to the applicable organization.  
– *Laws 2014, Ch. 296, Art.13, Sec. 23. Source: Commission amendment LCPR14-02A.*
6. TRA Teacher Definition Clarified. The definition of “teacher” was clarified by noting that TRA reemployed annuitants are not to be considered active members of the plan, and by clarifying

the exclusion of individuals who are either members of first class city teacher plans, University of Minnesota faculty members, or public school governing board members. In addition to these described changes to Minnesota Statutes, Section 354.05, Subdivision 2, that subdivision was further modified in Article 6 to make conforming changes due to the DTRFA merger into TRA.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 6. Source: SF 2428 (Pappas); HF 2682 (Nelson)*

Numerous provisions were included in the omnibus pension bill to consolidate the Duluth Teachers Retirement Fund Association (DTRFA) into the Teachers Retirement Association (TRA), generally effective June 30, 2015, if consolidation is approved by the DTRFA board, the TRA board, and the DTRFA membership. The provisions noted below are either special law provisions specific to the consolidation, or pending general law changes to the TRA chapter due to the consolidation. More technical revisions, largely eliminating or revising references to the DTRFA in first class city teacher plan law, are noted in the first class city teacher plan portion of the memo, since most of those changes are to Minnesota Statutes, Chapter 354A, which is the first class city teacher plan chapter.

7. DTRFA Consolidation; Service Credit in TRA. Service credit in DTRFA prior to the consolidation of DTRFA into TRA will be recognized as TRA service credit.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 5. Source: SF 1803 (Pappas); HF 1951 (Murphy, M.)*
8. DTRFA Consolidation; Clarifying TRA Employee Contribution Rate Provision. The TRA employee contribution rate provision was revised by combining basic and coordinated employee contribution terms into a single paragraph and by eliminating obsolete contribution rate language.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 6. Source: SF 1803 (Pappas); HF 1951 (Murphy, M.)*
9. DTRFA Consolidation; Clarifying TRA Employer Contribution Rate Provision. The TRA employer contribution rate provision was revised by eliminating duplicative and obsolete language and by clarifying that the employer contribution on behalf of New Law and Old Law DTRFA members is the percentage specified in the provisions for coordinated members.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 7. Source: SF 1803 (Pappas); HF 1951 (Murphy, M.)*
10. DTRFA Consolidation; Direct State Aid to TRA on Behalf of Former DTRFA. The state will provide as direct state aid to TRA on behalf of DTRFA an annual appropriation of \$14,377,000, and the TRA state aid expiration terms were revised to terminate when TRA is fully funded or when TRA contribution rates are first subject to a reduction under the statutory contribution rate stabilizer provision, whichever is later, rather than terminating when TRA's funding ratio is at least 100%.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 8. Source: Commission amendment S1803-18A to SF 1803 (Pappas); HF 1951 (Murphy, M.), and Conference Committee Report*
11. DTRFA Consolidation; Reallocated Amortization State Aid. The amortization state aid reallocation provision was revised by folding amounts payable to the DTRFA into the aid paid to TRA, by eliminating the DTRFA reference, and by correcting an erroneous cross-reference.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 45, and Art. 9, Sec. 3. Source: SF1803 (Pappas); HF 1951 (Murphy, M.), and HF 2597 (Murphy, M.). The correction of the erroneous cross-reference was also made in a tax bill (Law 2014, Ch. 308, Art. 10, Sec. 11, source: SF2726 (Skoe); HF 3167 (Lenczewski)).*
12. DTRFA Consolidation; Revised Formula Annuity Provision Recognition of Post-June 30, 2013, DTRFA Service. The TRA formula annuity provision was revised to be consistent with current DTRFA law, authorizing the use of a 1.9% accrual rate for post-June 30, 2013, service provided by former DTRFA members.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 9. Source: SF 1803 (Pappas); HF 1951 (Murphy, M.)*
13. DTRFA Consolidation; Transfer of Members, Assets, Liabilities, Other Functions. If the necessary approvals occur, the DTRFA will fully consolidate into TRA with a transfer of assets, liabilities, service credit, membership, and records by July 1, 2015. The asset transfer will include most accounts receivable and all assets, except direct real estate and any non-compliant or inappropriate assets. Individuals who were DTRFA deferred, inactive, disabled, retired members, or survivors at the time of the consolidation will receive benefits as specified in prior DTRFA law or bylaws, except that future post-retirement adjustments will be determined under TRA provisions. Benefits will not be impaired or diminished due to consolidation. All benefits based on service after June 30, 2015, will be determined under TRA law. As of June 30, 2015, the DTRFA and the DTRFA special fund cease to exist. TRA is the successor in interest.  
*Laws 2014, Ch. 296, Art. 6, Sec. 10, 46. Source: SF 2428 (Pappas); HF 1951 (Murphy, M.)*



14. DTRFA Consolidation: Repealer. Effective July 1, 2015, the following Minnesota Statutes specific to the DTRFA will be repealed:

Section	Provision
354A.021, Subd. 5	tax-sheltered annuity authorization provision used solely by DTRFA
354A.108	DTRFA provision permitting salary credit by making contributions to the DTRFA during periods in which a member is receiving workers' compensation payments
354A.24	DTRFA coordinated program authorization provision
354A.27, Subd. 5, 6a, and 7	authorized DTRFA post-retirement adjustments and specified how those were to be computed and paid
354A.31, Subd. 4a	the DTRFA normal retirement annuity computation provision

– *Laws 2014, Ch. 296, Art. 6, Sec. 48. Source: SF1803 (Pappas); HF 1951 (Murphy, M.)*

15. DTRFA Consolidation; Retention of DTRFA Employees. DTRFA employees, other than the executive director, become TRA employees effective July 1, 2015. Compensation must be at no less than the hourly rate last received as a DTRFA employee, vacation leave amounts transfer if not in excess of amounts permitted for TRA employees, and the individuals will be enrolled in the state health and dental programs.
- *Laws 2014, Ch. 296, Art. 6, Sec. 47. Source: SF1803 (Pappas); HF 1951 (Murphy, M.)*

### **First Class City Teacher Retirement Fund Associations**

Duluth Teachers Retirement Fund Association (DTRFA)  
St. Paul Teachers Retirement Fund Association (SPTRFA)

- Definition of Teacher Clarified. The definition of "teacher" for purposes of plan coverage was revised to exclude reemployed annuitants from the applicable first class city teacher plan.  
– *Laws 2014, Ch. 296, Art. 1, Sec. 7. Source: SF 2428 (Pappas); HF 2682 (Nelson)*
- SPTRFA; Direct State Aid Open and Standing Appropriation. The SPTRFA \$7 million in state aid provided by the 2013 Legislature for Fiscal Years 2014 and 2015 was revised to an open and standing appropriation, first payable under the open and standing appropriation provision on October 1, 2015.  
– *Laws 2014, Ch. 296, Art. 7, Sec. 1. Source: SF 1802 (Pappas); HF 2520 (Lesch), and Conference Committee Report*
- SPTRFA; Elimination of 25-Year Rolling Amortization. The SPTRFA 25-year rolling amortization date was replaced with the specified amortization date of June 30, 2042.  
– *Laws 2014, Ch. 296, Art. 7, Sec. 3. Source: SF 1802 (Pappas); HF 2520 (Lesch)*
- SPTRFA; Revision/Extension of Aid Termination Provision. The SPTRFA supplemental contribution/direct state aid termination provision was revised by permitting the supplemental contributions and aid to continue as late as the established date for full funding (set at June 30, 2042, in Art. 7, Sec. 3) rather than June 30, 2037, unless full funding is achieved earlier.  
– *Laws 2014, Ch. 296, Art. 7, Sec. 2. Source: SF 1802 (Pappas); HF 2520 (Lesch)*
- DTRFA; Conforming Changes Due to Consolidation of the DTRFA into TRA. If the consolidation of the DTRFA into TRA is approved, the following conforming changes, which eliminate references in various statutes to the DTRFA or revise references from the DTRFA to the former DTRFA, will become effective. Most of these conforming changes are in the first class city teacher plan chapter (Minn. Stat. Ch. 354A), but some are in Minnesota Statutes, Chapter 356, and other chapters. These conforming changes, in some cases accompanied with stylistic revisions, are made in the following statutory provisions:

Section	Provision
13.632, Subd. 1	Government Data Practices beneficiary and survivor data privacy
122A.18, Subd. 7a	Board of Teaching permission to substitute teach (an obsolete reference to the Minneapolis Teachers Retirement Fund Association is also removed)
353.01, Subd. 2b	PERA excluded employee
354.05, Subd. 2	TRA definition of "teacher" (eliminates language that prohibited TRA coverage to teachers in schools in the Duluth city limits)
354A.011, Subd. 11	first class city teacher plan coordinated member definition;
354A.011, Subd. 15a	first class city teacher plan normal retirement age definition
354A.011, Subd. 27	first class city teacher plan teacher definition
354A.021, Subd. 1	first class city teacher plan establishment authorization

Section	Provision
354A.092	first class city teacher plan sabbatical leave
354A.093, Subd. 1	first class city teacher plan uniformed services leave eligibility
354A.096	first class city teacher plan medical leave
354A.12, Subd. 1	first class city teacher employee contribution
354A.12, Subd. 2	first class city teacher retirement plan tax levy prohibition
354A.12, Subd. 2a	first class city teacher employer contribution
354A.12, Subd. 3a	eliminates \$346,000 annually in direct state aid payable to the DTRFA
354A.31, Subd. 1	first class city teacher plan annuity age and service requirements
354A.32, Subd. 1	first class city teacher plan optional annuity form
354A.35, Subd. 1	first class city teacher plan death refund
354A.37, Subd. 3	first class city teacher plan refund computation
354A.37, Subd. 4	first class city teacher plan normal retirement age refund
354A.39	first class city teacher plan service-in-more-than one fund portability
354A.41	first class city teacher coordinated program plan administration, effective after June 30, 2015, including requirements for separate identification of DTRFA New Law and Old Law Plans in actuarial valuations
354A.41	first class city teacher coordinated program plan administration
354B.21	higher education Individual Retirement Account Plan (IRAP) continuation of prior coverage for technical colleges
355.01, Subd. 2c	Social Security Coverage chapter, revising the definition of “Duluth Teacher” in that chapter from a teacher covered by the DTRFA, to a teacher covered by TRA who was moved to TRA under the terms of the DTRFA/TRA consolidation
356.20, Subd. 2	annual large plan financial reporting requirement
356.214, Subd. 1	consulting actuary retention
356.215, Subd. 8	interest and salary assumption
356.219, Subd. 8	local pension fund investment reporting
356.30, Subd. 3	combined service annuity
356.302, Subd. 7	combined service disability benefit
356.303, Subd. 4	combined service survivor benefit
356.32, Subd. 2	the age 65 proportionate annuity
356.401, Subd. 3	exemption from legal process
356.42, Subd. 3	special post-retirement adjustment provision for certain older retiree groups
356.465, Subd. 3	supplemental needs trust
356.47, Subd. 3	reemployed annuitant earnings limitation
356.99, Subd. 1	erroneous coverage correction

– *Laws 2014, Ch. 296, Art.6, Sec. 1-4, 11-14, 16-21, 23-44. Source: SF 1803 (Pappas); HF 1951 (Murphy, M.).*

6. **DTRFA Consolidation; Repealer.** Effective July 1, 2015, the following Minnesota statutes specific to the DTRFA will be repealed:

Section	Provision
354A.021, Subd. 5	tax-sheltered annuity authorization provision used solely by DTRFA
354A.108	DTRFA provision permitting salary credit by making contributions to the DTRFA during periods in which a member is receiving workers’ compensation payments
354A.24	DTRFA coordinated program authorization provision
354A.27, Subd. 5, 6a, and 7	authorized DTRFA post-retirement adjustments and specified how those were to be computed and paid
354A.31, Subd. 4a	DTRFA normal retirement annuity computation provision

– *Laws 2014, Ch. 296, Art. 6, Sec. 48. Source: SF1803 (Pappas); HF 1951 (Murphy, M.)*

7. **DTRFA Pre-Consolidation Certification of Assets to SBI.** A new section was created covering the period before consolidation occurs, authorizing the DTRFA to certify assets to the State Board of Investment for investment. Certified assets may be withdrawn from SBI solely to pay for benefits or administrative expenses. The section expires upon consolidation.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 15. Source: Commission amendment S1803-4A to SF 1803 (Pappas); HF 1951 (Murphy, M.)*

8. **Contingent Provision; DTRFA Revised Post-Retirement Adjustment Trigger Mechanism.** The DTRFA post-retirement adjustment trigger procedure was revised to require the funding ratio based on actuarial value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before post-retirement adjustments higher than 1% can be paid. This revision is effective July 1, 2015, unless Minnesota Statutes, Section 354A.27, Subdivision 6a, is repealed due to approval of a DTRFA consolidation into TRA.  
– *Laws 2014, Ch. 296, Art. 11, Sec. 1. Source: Commission amendment S2442-3A to SF 2442 (Pappas); HF 2827 (Murphy, M.)*
9. **Revisor’s Bill: Correction of Annuity Computation Provisions.** In the Revisor of Statutes' technical correction bill, the SPTRFA and DTRFA annuity computation provisions were revised to remove cross-references to a provision specifying applicable accrual rates that was repealed in 2013, and to directly state the applicable accrual rate in the annuity computation provisions.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 12-13. Source: SF 1997 (Latz); HF 2546 (Yarusso).*
10. **SPTRFA; Revised Post-Retirement Adjustment Trigger Mechanism.** The SPTRFA post-retirement adjustment trigger procedure was revised to require the funding ratio based on actuarial value to be 90% or greater in two consecutive actuarial valuations, rather than in a single actuarial valuation, before increased post-retirement adjustments can be paid.  
– *Laws 2014, Ch. 296, Art. 11, Sec. 2. Source: Commission amendment S2442-3A to SF 2442 (Pappas); HF 2827 (Murphy, M.)*
11. **DTRFA and SPTRFA: Clarification of Reemployed Annuitant Account Provision.** The treatment of DTRFA and SPTRFA retirees under the reemployed annuitant account provision in Minnesota Statutes, Chapter 356, is clarified to make it clear that it applies to retirees from either of those two plans who retire prior to July 1, 2013.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 14. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
12. **Special Law; Purchase of Past Service and Transfer of Coverage by Mesabi Range Community and Technical College Faculty Member Due to Denial of Prior Election Opportunity.** A Mesabi Range Community and Technical College faculty member since 1993, who was improperly denied an election of TRA coverage under a 1994 plan coverage election provision, was permitted to elect TRA coverage and transfer past and prospective plan coverage to TRA. The individual will pay TRA any positive differential between past TRA and IRAP employee contributions, plus 8.5% interest, and transfer the IRAP account value. The Minnesota State Colleges and Universities System (MnSCU) will pay the remainder of the full actuarial value, either by direct payment or by having the applicable amount deducted from future appropriations or state aid.  
– *Laws 2014, Ch. 296, Art. 14, Sec.4. Source: SF 2749 (Tomassoni); HF 3118 (Metza)*

### **Higher Education Individual Retirement Account Plan (IRAP)**

1. **Technical College Continuation of Prior Plan Coverage Provision Conforming Change.** An IRAP continuation-of-prior-coverage provision for technical colleges (Section 354B.21) was revised by making conforming changes due to the merger of the DTRFA into TRA and by striking or revising references to the DTRFA.  
– *Laws 2014, Ch. 296, Art. 6, Sec. 30. Source: SF 1803 (Pappas); HF 1951 (Murphy, M.)*
2. **MnSCU Early Separation Incentive Program Revised and Extended.** The MnSCU early separation incentive program (Minn. Stat. Sec. 136F.481) was revised by requiring the MnSCU Board of Trustees to periodically revise the program eligibility requirements and to file copies of proposed revised eligibility requirements with applicable legislative committees, and the program is extended to June 30, 2019, rather than expiring on June 30, 2014.  
– *Laws 2014, Ch. 296, Art. 8, Sec.1, 7. Source: SF 713 (Pappas); HF 872 (Kahn)*
3. **Temporary IRAP Provision Permitting Election of TRA Coverage upon Reaching Tenure is Made Permanent.** The IRAP provision permitting members to transfer retirement coverage to TRA within one year of achieving tenure, with payment of full actuarial value for the prior service, is made permanent rather than expiring on June 30, 2014.  
– *Laws 2014, Ch. 296, Art. 8, Sec.6. Source: SF 713 (Pappas); HF 872 (Kahn)*

### **Bloomington Fire Department Relief Association (BFDRA)**

1. **Bloomington Fire Department Relief Association Guidelines Act Reclassified as an Uncoded Special Law.** In the Revisor of Statutes' technical correction bill, in order to implement the 2013 Legislature’s intent to have the substance of the Bloomington Fire Department Relief Association funding provisions (what had been Minn. Stat. Sec. 69.77 as revised in 2013) not be printed in the bound statutes, the provision was restated as a special uncoded law, including

correcting erroneous cross references and clarifying the applicable investment authority provision for the association. Cross-references in a financial reporting provision were also revised to be consistent with this coding change in the Bloomington provision.

– *Laws 2014, Ch. 275, Art. 2, Sec. 4, 23. Source: SF 1997 (Latz); HF 2546 (Yarusso)*

2. Bloomington Fire Department Relief Association Removal of Redundant Cross-Reference. In the Revisor's correction bill, the definition of “pension plan” for purposes of the Public Pension Fiduciary Responsibility Chapter (Minn. Stat. Ch. 356A) was revised to remove a redundant cross-reference to the Bloomington Fire Department Relief Association.

– *Laws 2014, Ch. 275, Art. 2, Sec. 16. Source: SF 1997 (Latz); HF 2546 (Yarusso)*

## **Volunteer Firefighters Relief Associations**

1. VFRA Financial Statement Provision Language Updated. The financial statement certification language was updated by replacing “independent public accountants” with “certified public accountants,” and by clarifying that the State Auditor can certify the financial statement.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 1. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
2. Statement of Benefit Regulation. A new subdivision was added to a section on volunteer firefighter relief association plan regulation, consolidating into one provision the specification that benefit calculation is governed by the law, article, or bylaw when active fire department service and relief association membership ends. The language was moved from two other sections dealing with deferred annuities.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 5, 7, 10. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
3. Defined Benefit Deferred Service Pension Provision Clarified. The defined benefit deferred service pension provision was updated by replacing “board of directors” with “board of trustees,” and by deleting applicable-law-governing language moved to another section.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 10. Sources: SF 2429 (Pappas); HF 2218 (Murphy, M.) and SF 1997 (Latz); HF 2546 (Yarusso)*
4. Defined Contribution Plans; Clarification of Ban against Reinstatement of Forfeited Amounts. The individual account subdivision in the defined contribution volunteer fire plan provision was revised by adding a clarifying statement that any amounts previously forfeited upon leaving service are not reinstated if the individual returns.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 6. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
5. Defined Contribution Plan Ancillary Benefit Limitation Provision; Clarification of Authority to Pay Ancillary Benefit on Behalf of Member. The defined contribution plan ancillary benefit limitation provision was revised to add a clarifying statement that, if the bylaws permit, an ancillary benefit can be paid to or on behalf of a member who is not active or deferred.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 8. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
6. Defined Benefit Plans Flexible Service Pension Maximum: Removal of Obsolete Language. The flexible service pension maximum provision was revised by removing obsolete language, including obsolete benefit maximum internal effective dates.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 9. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
7. State Fire Aid Disbursement; Elimination of Obsolete Reference. The unnecessary or obsolete term “qualified municipality” was replaced by “municipality” in an authorized disbursements provision applicable to municipalities with no volunteer fire relief association and no full-time paid firefighters.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 12. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
8. Municipal Ratification of Plan Amendments Provisions Clarified. The municipal ratification of plan amendments provisions for lump sum plans and for those providing monthly benefits, which require municipal ratification of any plan amendment which would increase benefits if the plan fund does not have surplus assets, were revised by clarifying that the requirement also applies in situations where the municipality is served by an independent nonprofit firefighting corporation rather than by a relief association in that specific municipality.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 13, 15. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
9. Monthly Benefit Relief Associations; Clarification of Independent Firefighting Corporation Actuarial Report Distribution Requirements. The provision requiring an actuarial report at least every four years if monthly benefits are being provided to retired volunteer firefighters was clarified by stating that the actuarial report must be provided to the governing body of each municipality served by a given fire department or non-profit firefighting corporation.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 14. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*

10. Independent Firefighting Nonprofit Corporation Funding Provision Corrected. A determination of funding requirements provision applicable when firefighting services are being provided by an independent firefighting nonprofit corporation was corrected by added a cross-reference to lump-sum plan procedures.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 16. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
11. Definition of Regular Lump-Sum Distribution Added to Supplemental Benefit Provision. A definition of "regular lump-sum distribution" as "the pre-tax lump-sum distribution excluding any interest that may have been credited during a volunteer firefighter's period of deferral" was added to the supplemental benefit provision to define the amount to be distributed.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 17. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
12. Consolidating Relief Association Provision; Correction of Internal Cross-References. Cross-references were corrected in a provision specifying benefit and funding procedures applicable to consolidating volunteer fire relief associations.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 18, and Ch. 275, Art. 2, Sec. 19. Sources: SF 2429 (Pappas); HF 2218 (Murphy, M.), and SF 1997 (Latz); HF 2546 (Yarusso)*
13. Cross-Reference Revision in Amortization State Aid Provision. In the Revisor of Statutes' technical correction bill, an erroneous cross-reference in a minimum fire state aid portion of a reallocation of amortization state aid provision was corrected.  
– *Laws 2014, Ch. 275, Art. 2, Sec. 17. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
14. Special Fund Authorized Disbursement Provision; Inclusion of Minnesota State Fire Chiefs Association. The Minnesota Area Relief Association Coalition, an organization which no longer exists, was replaced by the Minnesota State Fire Chiefs Association in the payment of dues, fees, and assessments as permissible special fund expenditure provision.  
– *Laws 2014, Ch. 296, Art. 12, Sec. 11. Source: SF 2741 (Johnson); HF 3155 (Kahn)*

## II. GENERAL PENSION PROVISIONS

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

1. Higher Education Reemployed Annuitant Exempt Salary Provisions Revised in MSRS, TRA, and First Class City Teacher Plans.  
*Application: MSRS, TRA, and first class city teacher plans.*  
The MSRS, TRA, and First Class City Teacher Plan reemployed annuitant provisions were revised to exempt from reemployed annuitant holding accounts or other restrictions up to \$62,000 in annual reemployment salary rather than \$46,000, and to make these exemptions inapplicable if the reemployed person received payment under the MnSCU early separation incentive program.  
– *Laws 2014, Ch. 296, Art. 8, Sec.2-5. Source: SF 713 (Pappas); HF 872 (Kahn)*
2. Correction of Cross-References in PERA "Normal Retirement Age" Definition.  
*Application: PERA defined benefit plans.*  
In the Revisor of Statutes' technical correction bill, cross-references in the PERA definition of normal retirement age were revised to correctly specify the applicable plans.  
– *Laws 2014, Ch. 275, Art.2, Sec. 25. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
3. Reduction in Police State Aid Apportionment Provision, Removal of Obsolete Language.  
*Application: Cities of Fairmont and Minneapolis.*  
In the Revisor's correction bill, the police state aid reduction apportionment provision in Minnesota Statutes, Section 69, was revised by removing obsolete language referring to procedures that had in the past applied to Fairmont and Minneapolis and by striking obsolete language including cross-references to provisions repealed in 2013.  
– *Laws 2014, Ch. 275, Art.2, Sec. 1. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
4. Correction of Use of Direct State Aid Provision, Removal of Obsolete Language and Cross-Reference Correction.  
*Application: Municipalities making contributions to PERA-P&F.*  
In the Revisor's correction bill, the deposit of state aid provision in Minnesota Statutes, Section 69, was revised by striking obsolete cross-references to provisions repealed in 2013 and by inserting the correct cross-reference.  
– *Laws 2014, Ch. 275, Art.2, Sec. 2. Source: SF 1997 (Latz); HF 2546 (Yarusso)*

5. Correction of Shortfall from General Fund Provision.

*Application: Various municipalities.*

In the Revisor's correction bill, the shortfall from General Fund provision in Minnesota Statutes, Section 69, was revised by removing a cross-reference to a provision repealed in 2013.

– *Laws 2014, Ch. 275, Art.2, Sec. 3. Source: SF 1997 (Latz); HF 2546 (Yarusso)*

6. SBI Supplemental Investment Fund: Increase SBI Flexibility to Revise Investment Vehicles.

*Application: MSRS-Unclassified, Public Employees Defined Contribution Plan, State Deferred Compensation Plan, Health Care Savings Plan, and IRAP.*

The Supplemental Fund provision was revised to give the State Board of Investment full discretion to name investment offerings and revise or change investment offerings without need for legislative action, and to clarify that the Supplemental Fund investment offerings must be consistent with the SBI investment authority provision. Conforming changes were made in the Supplemental Fund valuation of investment shares provision.

– *Laws 2014, Ch.296, Art.13, Sec. 1-2. Source: SF 1713 (Pappas); HF 2163 (Nelson)*

7. Minnesota State Deferred Compensation Plan: Plan Investment Provision Changes.

*Application: Minnesota State Deferred Compensation Plan.*

The State Deferred Compensation Plan investment provision was revised by moving the permissible investment list to a new provision and linking it by cross-reference, and by moving exclusive benefit language to another new subdivision.

– *Laws 2014, Ch.296, Art.13, Sec. 5. Source: SF 1713 (Pappas); HF 2163 (Nelson)*

8. New Defined Contribution Plan Authorized Investment Provision and Related Conforming Changes.

*Application: Minnesota State Deferred Compensation Plan, State Health Care Savings Plan, MSRS-Unclassified, Public Employees Defined Contribution Plan.*

A new defined contribution plan investment authority provision was created in Chapter 356, patterned after language moved from a Minnesota State Deferred Compensation plan investment provision. Authorized investments include the SBI Supplemental Investment Fund, insured savings accounts, life insurance contracts, fixed and variable annuities from regulated companies, and various forms of mutual funds and similar investments. Any contracts entered into by SBI relating to the provision are exempt from usual state contracting requirements. As conforming changes, the following investment authority provisions and similar provisions in the covered defined contribution plans were repealed:

Section	Provision
11A.17, Subd. 4	existing list of authorized SBI Supplemental Investment Fund accounts or investments
352.965, Subd. 5	Minnesota Deferred Compensation Plan investment determination provision
352D.04, Subd. 1	MSRS Unclassified investment options provision
353D.05, Subd. 2	Public Employees Defined Contribution Plan investment options provision

– *Laws 2014, Ch. 296, Art. 13, Sec. 5, 24, 28. Source: SF 1713 (Pappas); HF 2163 (Nelson), House Ways and Means Amendment H1951-18A and Senate Finance Amend. S1803-38A.*

9. New Defined Contribution Plan Member Responsibility Statement.

*Application: Minnesota State Deferred Compensation Plan, State Health Care Savings Plan, MSRS-Unclassified, Public Employees Defined Contribution Plan, MnSCU IRAP, Arts Board and Humanities Commission IRAP, Higher Education Supplemental Retirement Plan.*

A new defined contribution plan member responsibility provision is created in Chapter 356, stating that the State of Minnesota, the State Board of Investment and its executive director and staff, plan administrators and their staff, and participating public employers are not liable for any investment losses due to choices made by participants or due to qualified default investment allocation options.

– *Laws 2014, Ch.296, Art.13, Sec. 22. Source: Commission amendment S1713-2A to SF 1713 (Pappas); HF 2163 (Nelson).*

10. Federal Compliance Provision, Correction of Cross-Reference.

*Application: All Minnesota public plans.*

The eligible retirement plan subdivision in an Internal Revenue Code Compliance Provision was revised by clarifying language and by correcting a Section 403(a) reference to Section 403(b).

– *Laws 2014, Ch.296, Art.13, Sec. 20. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.)*

11. Minnesota State Deferred Compensation Plan: New Exclusive Benefits Subdivision.

*Application: Minnesota State Deferred Compensation Plan.*

The Minnesota State Deferred Compensation Plan section was revised to add a new exclusive benefit subdivision, created by moving language from another subdivision.

– *Laws 2014, Ch.296, Art.13, Sec. 6. Source: SF 1713 (Pappas); HF 2163 (Nelson)*

12. Minnesota State Deferred Compensation Plan: New Employer Contribution Prohibition Subdivision.  
*Application: Minnesota State Deferred Compensation Plan, which can be used as a deferred compensation plan investment vehicle by all Minnesota state and local public employees.*  
 The Minnesota State Deferred Compensation Plan section was revised adding an employer contribution prohibition, containing language moved from another subdivision.  
 – *Laws 2014, Ch.296, Art.13, Sec. 7. Source: SF 1713 (Pappas); HF 2163 (Nelson)*
13. Health Care Savings Plan.  
*Application: Minnesota Health Care Savings Plan.*  
 The Minnesota Health Care Savings Plan contracting authority provision was revised by specifying permissible investments by cross-reference to new Section 356.645 and by expanding permissible investment options.  
 – *Laws 2014, Ch. 296, Art. 13, Sec. 8. Source: SF 1713 (Pappas); HF 2163 (Nelson)*
14. Supplemental Pension Plan Restriction Provision Modified to Permit Contributions to Teamsters Central States Pension Plan.  
*Application: St. Cloud Metropolitan Transit Commission, PERA-General.*  
 To conform to the change made in PERA-General law, the supplemental plan employer contribution restriction provision in Chapter 356 was revised, retroactive to August 1, 1986, to permit employer contributions by the St. Cloud Metropolitan Transit Commission to the Teamsters Central States Pension Plan.  
 – *Laws 2014, Ch.296, Art.1, Sec. 8. Source: Amendment S1943-1A to SF 1943 (Pederson); HF 1873 (O’Driscoll)*
15. New Section in Chapter 356 Specifying Assumption for Computing Joint-and-Survivor Annuities.  
*Application: All MSRS, PERA, and TRA plans.*  
 A new section (proposed coding as Sec. 356.461) was added to Chapter 356 to specify that for joint and survivor annuities the applicable post-retirement interest rate for computing the reduction is 6.5%. Cross references to the new provision were added in laws applicable to the various plans, either in the actuarial equivalent definition or optional annuity form provisions of the given plan.  
 – *Laws 2014, Ch. 296, Art. 4, Sec. 1-2, 4-9. Source: SF 2442 (Pappas); HF 2827 (Murphy, M.), and Commission amendment S2442-2A.*
16. Revised Actuarial Assumptions: Replacement of Post-Retirement Interest Rate Assumption with Post-Retirement Adjustment Rate Actuarial Assumption.  
*Application: All MSRS, PERA, TRA, and first class city teacher plans.*  
 In the interest and salary actuarial assumption provision in Chapter 356, the separate post-retirement interest rate assumptions were eliminated, replaced with a post-retirement adjustment rate actuarial assumption set equal to the post-retirement rate applicable to the plan given the plan funding ratio.  
 – *Laws 2014, Ch. 296, Art. 10, Sec. 1. Source: SF 2641 (Pappas), House State Government Finance amendment H1951-13A.*
17. Repeal of Temporary Post-Retirement Adjustment Rate Valuation Procedure.  
*Application: All MSRS, PERA, TRA, and first class city teacher plans.*  
 Consistent with the elimination of a separate post-retirement interest rate assumption, a provision enacted in 2010 that required pension plans, prior to achieving financial stability (at least a 90% funding ratio), to use a post-retirement interest rate assumption equal to the difference between the pre-retirement assumption and the post-retirement adjustment rate, was repealed.  
 – *Laws 2014, Ch. 296, Art. 10, Sec. 3. Source: SF 2641 (Pappas)*
18. Clarification/Revision of Supplemental State Aid Allocation Provision.  
*Application: All state and local entities employing police or paid firefighters, and volunteer firefighter organizations.*  
 A minor adjustment in the allocation percentages in the supplemental state aid allocation provision was made to ensure the total adds to 100%, and the term “municipalities” was expanded to include independent nonprofit firefighting corporations, thus authorizing independent nonprofit firefighting corporations to participate in the aid allocation. An additional amount, subtracted from the total aid available for distribution on October 1, 2014, is to be paid to the independent nonprofit firefighting corporations equal to the amount they would have received if they had been included in the 2013 allocation. Unnecessary definitions of “police officer” and “firefighter,” since they are not used in the aid allocation, and an unnecessary requirement that PERA report to the Department of Revenue the number of PERA-P&F firefighters by municipality, were removed from the supplemental state aid provisions.  
 – *Laws 2014, Ch. 296, Art. 9, Sec. 4-6, Ch. 308; Art.1, Sec. 4, 12; and Art. 9, Sec.83. Sources: SF 1951 (Pappas); HF 2427 (Atkins), Commission amendment S1951-5, HF 2597 (Murphy, M.), and SF 2726 (Skoe); HF 3167 (Lenczewski)*

19. Provision Resetting Amortization Period Revised.  
*Application: All major plans, but primarily PERA-General.*  
 The provision in Chapter 356 for setting and revising amortization dates following a change in plan benefits or actuarial assumptions or methodology was revised by revising a cross-reference, clarifying the provision, and permitting the PERA-General full funding date to be adjusted under the operations of the procedure.  
 – *Laws 2014, Ch.296, Art.10, Sec. 2. Source: House Gov. Ops. amendment H1951-6A and Senate Gov. Ops. amendment S1803-24A*
  
20. Qualification for Fire State Aid without Filing Financial Report.  
*Application: Municipalities with firefighters all covered by PERA-P&F.*  
 Municipalities do not need to file a financial report under Minnesota Statutes, Chapter 69, if the municipality: has an organized fire department; does not have a volunteer fire relief association and does not participate in the statewide lump-sum volunteer fire fighter retirement plan under Minnesota Statutes, Chapter 353G; and covers its firefighters through PERA-P&F and has a total employer contribution to PERA-P&F on behalf of its firefighters in the prior calendar year that is at least equal to its fire state aid for the prior calendar year.  
 – *Laws 2014, Ch. 296, Art. 12, Sec. 1. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
  
21. Expanded List Plans: Clarification of Limit on Unrated and Junk Bond Holdings.  
*Application: All pension plans whose investments are subject to the expanded list (Minn. Stat. Sec. 356A.06, Subd. 7).*  
 The expanded list 5% of portfolio limit on below investment grade debt was clarified by stating that the limit includes holdings of foreign unrated and below-investment-grade debt.  
 – *Laws 2014, Ch. 296, Art. 12, Sec. 3. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*
  
22. Revising Cross-Reference in a Strike Period Service Credit Purchase Provision.  
*Application: Defined benefit plans included in the combined service annuity provision except TRA.*  
 In the Revisor of Statutes' technical correction bill, a cross-reference in Minnesota Statutes, Section 356.195, a strike period service credit purchase provision, was revised to correct for the renumbering of the combined service annuity plans due to elimination of the Elective State Officers Plan by merger of that plan into the Legislators Plan in 2013.  
 – *Laws 2014, Ch. 275, Art. 2, Sec. 25. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
  
23. Correction of Cross-Reference in Securities Lending Provision.  
*Application: All pension plans.*  
 A cross-reference was corrected in a securities lending provision prohibiting various alternative investment forms from being used as collateral in securities lending transactions.  
 – *Laws 2014, Ch. 296, Art. 12, Sec. 4. Source: SF 2429 (Pappas); HF 2218 (Murphy, M.)*

### 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. Correcting Cross-References in a Social Security Coverage Provisions. In the Revisor of Statutes' technical correction bill, cross-references to specific plans covered by the combined service annuity provision found in Social Security coverage group and Medicare optional coverage provisions in Minnesota Statutes, Chapter 355, were revised to correct for renumbering of the combined service annuity plans due to the merger of the Elective State Officers Plan into the Legislators Plan in 2013.  
 – *Laws 2014, Ch. 275, Art. 2, Sec. 25. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
  
2. Inserting Reference to Health Care Savings Plan. In the Revisor's correction bill, the MSRS board duties and powers provision was revised by inserting the section number for the health care savings plan administered by MSRS on behalf of all public employees who participate. The section number was somehow inadvertently omitted from the provision.  
 – *Laws 2014, Ch. 275, Art. 2, Sec. 5. Source: SF 1997 (Latz); HF 2546 (Yarusso)*
  
3. Revised SBI and Political Subdivision Investment Authority; Inclusion of Community Energy Efficiency and Renewable Energy Loan Revenue Bonds. In a supplemental appropriations bill, the bonding authority of the Commissioner of Management and Budget was revised to permit the Commissioner to issue community energy efficiency and renewable energy loan bonds rather than micro energy loan bonds, and the State Board of Investment and the state's political subdivisions are newly authorized to invest in these bonds.  
 – *Laws 2014, Ch. 312, Art. 3, Sec. 12. Source: SF2785 (Sparks); HF 3172 (Carlson)*



4. Revised Investment Reporting Requirements; Political Subdivision Post-Employment Trust Accounts. The following is from a one-section bill modifying a trust for postemployment benefits provision found in Minnesota Statutes, Chapter 471, which permits political subdivisions to establish trusts to help finance retiree health care or other post-employment benefits. PERA is named in the section as a permitted trustee. The provision was revised by clarifying the requirement to report to the State Auditor the market values of the trust, injection/withdrawal information, fees, and net time-weighted rates of return. A requirement to disclose comparable information in the political subdivision's annual financial report is stricken, possibly because it is redundant.
  - *Laws 2014, Ch. 307, Sec. 1. Source: SF2343 (Pappas); HF 2945 (Murphy, M., by req.)*
5. Continued Employer Insurance Contributions: Certain Injured Former Department of Corrections Employees with MSRS-General Coverage. This is a health care continuation provision that was not heard by the Commission and passed as a separate, one-section bill. The section was proposed for coding in Minnesota Statutes, Chapter 43A, State Personnel Management, but perhaps should have been drafted as a special law bill since it applies only to a certain individual. A person employed at a Department of Corrections correctional facility, who was covered by MSRS-General and was assaulted by an inmate on or after October 1, 2010, leaving the person totally and permanently disabled, is entitled to continuation of employer health care contributions until age 65 if the person continues to make the required employee contribution.
  - *Laws 2014, Ch. 158, Sec. 1. Source: SF 1737 (Goodwin); HF 2147 (Rosenthal)*
6. Part-Time Peace Officer Licensing Ended. This provision revises a police officer training chapter of statutes by terminating the part-time peace officer designation, which may eventually have some impact on the PERA-P&F coverage group since there will be fewer part-time police officers, and eventually none. As of July 1, 2014, no more part-time peace officers will be licensed and the licenses of any existing part-time peace officers who are not so employed on that date will be cancelled. Part-time peace officers currently employed will be grandfathered as long as they remain employed with their current employer.
  - *Laws 2014, Ch. 244, Sec. 1-4. Source: SF 2559 (Latz); HF2654 (Cornish)*
7. Definition of “Teacher” for Collective Bargaining Purposes Expanded. The definition of “teacher,” for purposes of collective bargaining, was revised by adding the positions of art therapist, music therapist, and audiologist. This revision appears to add certain positions to teacher bargaining units which are not covered by the TRA or by the first class city teacher retirement plans.
  - *Laws 2014, Ch. 247, Sec. 1. Source: SF 247 (Bonoff); HF194 (Adkins)*
8. Volunteer Retention Stipend Aid Pilot Program. In a tax bill, a pilot program is created under which volunteer ambulance attendants and emergency medical responders, and volunteer firefighters (defined as firefighters other than full-time firefighters), who are certified as providing a full year of service are eligible to receive \$500 annual stipends if they provide service in any county included in the pilot study area. The included counties are Beltrami, Chippewa, Clearwater, Faribault, Fillmore, Freeborn, Houston, Kandiyohi, Mahnomon, Morrison, Redwood, Renville, Todd, and Watonwan. An annual appropriation is provided to the Department of Revenue, which will transmit the stipend money to the medical services provider, municipality, or non-profit firefighting corporation, to then be distributed to the volunteer. Reports must be provided to public safety and tax committees of the Legislature to enable the program's impact to be accessed. The program expires in 2017. At least as it applies to volunteer firefighters, the current income provided by this pilot program supplements the eventual pension, and might eventually develop into an alternative to our current volunteer fire pension plans by in whole or part replacing our current programs for volunteer firefighters.
  - *Laws 2014, Ch. 308, Art. 1, Sec. 1. Source: SF 2726 (Skoe); HF 3167 (Lenczewski)*