S.F. 780
(Anderson)

H.F. 963
(McDonald)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s):	PERA-General
Relevant Provisions of Law:	Special law provision
General Nature of Proposal:	Service credit purchase request due to apparent employer error
Date of Summary:	March 6, 2013

Specific Proposed Changes

- Permits a certain Wright Co. Highway Department employee to purchase service credit in PERA-General for 1.75 years of service currently uncovered due to failure by Wright County to enroll him in the plan in a timely manner.

Policy Issues Raised by the Proposed Legislation

1. Allocation of full actuarial value payment between the member and Wright County.
2. The dollar amount of the employee and employer contributions.
3. The appropriate length of error period to be handled under the PERA omitted contributions provision.
4. Drafting issue: Lack of an effective date.

Potential Amendments

S0780-1A is a technical amendment adding an effective date to the proposed legislation.

S0780-2A is a largely technical amendment clarifying that the individual must repay a refund owed to MSRS-General prior to making the PERA-General service credit purchase payment.

S0780-3A, a substantive amendment, revises the PERA omitted salary deduction provision, which uses a contributions plus interests approach, to limit its application to one year rather than three years.

S0780-4A, an alternative to S0780-3A, revises the PERA omitted salary deduction provision by using a contributions plus interest approach for one year rather than three, and using a full actuarial payment approach in years two and three.

TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director EB

RE: S.F. 780 (Anderson); H.F. 963 (McDonald): PERA; Service Credit Purchase for a Period of Omitted Contributions, Certain Wright Co. Highway Department Employee

DATE: March 5, 2013

Summary of S.F. 780 (Anderson); H.F. 963 (McDonald)

S.F. 780 (Anderson); H.F. 963 (McDonald) permits Bruce D. Bersie to purchase service credit from PERA-General for the period April 2007 through the end of calendar year 2008, by paying the employee contributions he would have paid during the period if employee contributions had been deducted from pay, plus 8.5% annual compound interest on the amount. If that payment is made, the employer is required to pay the remainder of the full actuarial value. If the county fails to pay that obligation, the necessary amount will be deducted from state aid the county would have received and the amount will be directed to PERA. Authority to make the required employee payment expires on July 30, 2014.

Public Pension Problem of Bruce D. Bersie

Bruce D. Bersie is a Wright County Highway Department employee. Before April 2007 he was a temporary or part-time employee of the department, but in April 2007 he was hired as a permanent full-time employee and at that time he should have been enrolled for coverage by the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). Unfortunately, Mr. Bersie was not reported for PERA-General coverage until March 2012. An attached letter from the Wright County Attorney to Representative McDonald and Senator Anderson attributes the problem to errors in the county payroll system.

The county worked with Mr. Bersie and PERA to correct his coverage problem. He lacked nearly five years of service credit because of omitted contributions from when his PERA-General coverage should have started in April 2007 through March 2012. PERA was able to correct coverage for much of the total uncovered period using procedures in Minnesota Statutes, Section 353.27, Subdivision 12, which permits PERA to address employee/employer contribution omissions going back no more than three years. Under those procedures, the employee paid for 60 days of past unpaid employee contributions, the maximum permitted under the provision, and the employer paid the remainder of the permitted past employee and employer contributions plus 8.5% annual interest going back three years. Unfortunately for Mr. Bersie, he still has 1.75 years of uncovered service beginning when his full-time highway department service began. This could not be covered using the omitted contribution provision due to three year restriction. The county was advised that special legislation would be required to allow Mr. Bersie to obtain service credit for the remaining 1.75 years of uncovered service.

Materials Provided by Wright County

The letter from the Wright County Attorney asking for a legislative remedy for Mr. Bersie included several documents, all of which are attached. In these materials the county appears to acknowledge that the problem stems from county error and not from any action by Mr. Bersie, and seeks to hold him harmless to the extent possible. The county appears willing to pay its portion of any remedy provided by special law. Unfortunately, the county may have a financial obligation which exceeds the amount that the county estimated it would be charged under special legislation. The attachments from the county include an estimate of employee and county payment amounts estimated by the County Auditor's Office to be due under special legislation. The computed amounts are for contributions plus interest, $3,457 plus interest by the employee and $3,749 plus interest payable by the employer. The procedure that the Commission and Legislature has long used in these situations is to require that the pension fund receive the full actuarial value payment of the service credit being purchased; an amount which generally exceeds contributions plus interest.

A full actuarial value purchase is used when the intention is to hold the pension fund harmless. To do that, the pension fund needs to receive an amount equal to the full additional lifetime pension value that is created by the service credit purchase. If for example, the additional service credit being purchased is estimated to increase the present value of the person's eventual retirement annuity (total required reserves) by $10,000, then the pension fund would need to receive $10,000 in payments to cover that additional obligation. If the pension fund receives less, other employees covered by the plan and the other employers are subsidizing the purchase.

The procedure for computing a full actuarial value service credit purchase amount is specified in Minnesota Statutes, Section 356.511. The county has expressed a willingness to cover the county obligation required by special legislation, but the county underestimated the amount it would be required to pay. Using a contributions plus interest approach, it estimated the county obligation to be $3,749 plus interest. Under a full actuarial value approach, PERA has estimated the full actuarial value of the service credit purchase to be $11,954. If the Commission concludes that the uncovered service problem is due to employer error, the Commission's general policy is to have the employee pay the employee contributions that the employee would have paid if the appropriate deductions had been taken from pay, plus interest on those delayed employee contributions. The employer is charged for the remainder of the full actuarial value. PERA estimated the employee contributions plus interest to be $5,735. Deducting that amount from $11,954, the full actuarial value, leaves a required employer payment of $6,219. This is likely to be more than the county estimated its obligation to be.

Discussion and Analysis

S.F. 780 (Anderson); H.F. 963 (McDonald) permits Bruce D. Bersie to purchase PERA-General service credit for a period of omitted contributions by paying the omitted employee contributions plus interest and with the employer required to pay the remainder of the full actuarial value purchase payment.

The proposed legislation raises a number of pension and related public policy issues for consideration and possible discussion by the Commission, as follows:

1. Conformity with Commission's Principles of Pension Policy In General. The policy issue is the conformity of the proposed legislation with the Commission's Principles of Pension Policy. With respect to service credit purchases, Policy Principle II.C.10. provides that:

    > [p]urchases of public pension plan credit for periods of prior service should be permitted only if it is determined by the Commission:
    >
    > - that the period to be purchased is public employment or relates substantially to the public employee's career,
    > - that the purchase payment amount from the member or from a combination of the member and the current or former employer must equal the actuarial liability to be incurred by the pension plan for the benefit associated with the purchase, appropriately calculated, without the provision of a subsidy from the pension plan unless an error or an omission by the pension plan was responsible for the loss of service credit,
    > - that the purchase payment amount must include a minimum payment by the member of the equivalent member contributions, plus compound interest from the purchase period to the date of payment unless the employer committed a particularly egregious error,
    > - that the purchase payment is the responsibility of the member, with the current or former employer authorized to pay some or all of the portion of the payment amount in excess of the minimum member payment amount, unless the employer has some culpability in the circumstances giving rise to the purchase and then a mandatory employer contribution may be imposed, and
    > - that the purchase must not violate notions of equity.

    The service period for purchase is public employment, the full actuarial value of the benefit to be obtained by the purchase is payable under the special legislation, the member is charged with the equivalent member contribution amount, and the employer is assessed a likely substantial portion of the purchase payment amount (the remainder of the full actuarial value), and the situation does not appear to violate notions of equity.

2. Allocation of Full Actuarial Value Purchase Obligation and Wright County Fault for Omitted Deductions. The policy issue is the appropriateness of imposing a substantial portion of the prior service credit purchase payment obligation on Wright County. Attached materials from the county indicate that the county concludes it is responsible for the coverage error, and the Mr. Bersie played no role in the creating the error or the harm that resulted. The Commission Principles of Pension Policy provide for the mandatory employer payment of a substantial portion of the full actuarial value service credit purchase amount if the employing unit has culpability in causing the uncredited service. A question for the Commission is whether PERA bears any blame for creating this situation. PERA has some responsibility to review payment records to detect coverage problems. It is rare for the Commission to conclude that a plan administration is partly responsible for a coverage error, but if the Commission were to reach that conclusion, that would argue for revising the required payments under the proposed legislation so that PERA would receive less than the full actuarial value.

3. Full Actuarial Value Payment Amount; County Response. The issue is the full actuarial value payment amount, and the employer share of that payment. PERA estimated the full actuarial value amount to be $11,954, and the county's share of that obligation to be $6,219. The employer indicated a willingness to cover its share of the cost, but the county had a mistaken impression of what that the total cost would be, and the dollar value of the county's share of that cost. The cost to the county is likely to be somewhat higher than the county estimated, which might cause the county to be less supportive of this legislation. Under the bill, if the county fails to make the payment the necessary amount would simply be deducted from any state aid that would otherwise be paid to the county.

4. Appropriate Length of Error Period to be Handled under Omitted Contribution Provision. PERA's omitted deduction provision, Minnesota Statutes, Section 353.27, Subdivision 12, permits PERA to address the most recent three years of omitted contributions using a contribution plus interest approach. This was used by PERA to handle most of Mr. Bersie's total omitted contribution period. The issue is whether three years is too long a period to be addressed using a contribution plus interest approach. The purpose for having a limit in the omitted contribution provision is to avoid harming the pension fund by charging contributions plus interest when, due to the length of time that has passed, a full actuarial approach is needed to protect the pension fund from financial harm. The Commission may wish to consider, as an alternative model, another PERA provision which addresses delayed contributions, when the delay in receiving contributions is due to a leave of absence. In 2007 a provision was added to PERA statutes governing payment procedures to obtain service credit for a leave of absence, coded as Minnesota Statutes, Section 353.0161. That procedure permits the individual to pay contributions plus interest to receive service credit for the leave period if payment is made within one year following the end of the leave. If payment is made after one year, a full actuarial value payment is required. It is unclear why PERA should be correcting omitted contribution situations going back three years using a contributions plus interest approach, when a full actuarial value approach is used in leave situations after only one year. The financial risk to the fund is the same in either situation. The Commission may wish to consider revising the PERA omitted employee contribution provision, and possibly those of other plans. One option would be to restrict use of omitted contribution provisions to one year rather than three. The Commission might wish to be aware, thought, that this might result in many more special law bills to address omitted contribution situations lasting more than one year. Another alternative would be to revise the omitted contribution provision to require contributions plus interest for situations detected during the first year, and a full actuarial value approach for errors of two to three year duration.

5. Drafting Issue; Lack of an Effective Date. The issue is that the bill as drafted does not have an effective date provision. The Commission may wish to add effective date language to make the bill effective the day following final enactment.

Potential Amendments for Commission Consideration

S0780-1A is a technical amendment to add an effective date of the day following final enactment.

S0780-2A is largely a technical amendment, but it might be considered to have a substantive implication. The amendment adds a statement clarifying that requirements of Minnesota Statutes, Section 356.551, the full actuarial value methodology provision, apply to this service credit purchase except as modified by other wording in this special law. Section 356.551 includes a statement (Subd. 1, Para. (c)), requiring a person making a service credit purchase to repay any refunds owed to other Minnesota public plans prior to purchasing service through the full actuarial value procedure. According to PERA, Mr. Bersie had a short period of General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) covered service for which he took a refund. He would need to repay that refund, which would reestablish his lost MSRS-General service credit, before he can use the full actuarial value purchase procedure. As drafted, PERA is likely to interpret the bill's language as including that requirement and this amendment would eliminate any question.

S0780-3A amends the PERA omitted salary deduction provision, Minnesota Statutes, Section 353.27, Subdivision 12, to limit its application to one year, rather than three years, after the year in which a salary deduction error occurred.

S0780-4A, an alternative to S0780-3A, would amend the PERA omitted salary deduction provision to limit a contribution plus interest approach to one year, rather than three years, after the year in which a salary deduction error occurred and have PERA use a full actuarial value approach for errors of two- to three-year duration.

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December 7, 2012

Senator-Elect Bruce Anderson
365 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Representative Joe McDonald
523 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Re: Purchase of Prior Service Credit for Bruce D. Bersie

Dear Senator-Elect Anderson and Representative McDonald:

I am writing to you at the direction of the Wright County Board of Commissioners, seeking to enlist your assistance in pursuing special legislation which would allow an employee of the Wright County Highway Department to purchase prior service credit through the Public Employees Retirement Association of Minnesota (PERA).

Bruce D. Bersie became a full-time employee of the Wright County Highway Department in April of 2007. Due to unknown errors in the payroll system, PERA amounts were not deducted from his wages until March of this year. Wright County has rectified the situation as directed by PERA by payment of both the employee and employer amounts for the period of time from January 1, 2009 through the early portion of 2012.

The County then learned that, in order to allow Mr. Bersie to purchase service credit for 2007 and 2008, we would need to seek special legislation. I have spoken with staff from the Legislation Commission on Pensions and Retirement, and with representatives of PERA. They have suggested that the County work through your offices.

According to the calculations provided me by the Wright County Auditor's Office, Mr. Bersie would need to contribute a total of $3,456.93, plus interest. Wright County would be contributing a total of $3,749.45, plus interest. Mr. Bersie has indicated that he is interested in pursuing this prior service credit, and, jointly, we are requesting your assistance and that of PERA in drafting the necessary special legislation.

Enclosed you will find the following:

1. An excerpt from the Minutes of the Wright County Board of Commissioners meeting held on June 12, 2012;
2. The Minutes of the Wright County Board Ways and Means Committee meeting held on June 20, 2012;
3. The omitted deduction billing statement Wright County received from PERA regarding Mr. Bersie; and
4. A spreadsheet provided by the Wright County Auditor's Office showing the amounts needed from employee and employer for the purchase of prior service credit.

If I can provide additional information, please feel free to contact me. My direct phone number is (763) 682-7342, and e-mail address is Brian.Asleson@co.wright.mn.us. The main contact regarding payroll information in the Wright County Auditor's Office is Carla Nelson. Carla can be reached at (763) 682-7586.

Thank you in advance for your assistance in connection with this matter.

Very truly yours,

Brian J. Asleson

Brian J. Asleson
Chief Deputy Attorney, Wright County

BJA:dls
cc: Carla Nelson
Bob Hiivala
Bruce D. Bersie
Linda Habel - PERA

the work should be completed as soon as possible. Mattson moved to authorize the expenditure of up to $2,500 on County Ditch 24 to remove a bog. Saxton should identify what needs to be done. The motion was seconded by Russek. Sawatzke suggested checking with the following vendors in that area to remove the bog: Fyle's Excavating, J.L. Schmitz and Sons, and Schluenders. The motion carried 5-0.

Hiivala said the County has an employee in the Highway Department that was supposed to have PERA (Public Employees Retirement Association of Minnesota) withholdings, but neither the County nor PERA remitted PERA withholdings. The County is required to pay back the PERA liability and the obligation is not debatable. Hiivala has been working with Brian Asleson, County Attorney's Office, on this matter. The employee will pay his share through payroll deduction and is responsible only for the most recent 90 days. PERA will only go back to 2009 to correct this issue. There is an additional 1.75 years that that the employee is eligible for PERA contributions. This will require special legislation. Brian Asleson, Chief Deputy Attorney, said that every Legislative Session includes a handful of corrective bills. The County, PERA, and the employee will work together to determine who is responsible for additional payments. The effort is to bring the employee to the point where they would have been if the appropriate amounts had been withheld. Asleson did not see any fault on the part of the employee. He was unsure whether PERA should have picked up on this based on what was sent to them. Asleson suggested referring this issue to the Ways & Means Committee. The goal will be to have, by the end of 2012, something in place to present during next year's Legislative Session. Richard Norman, County Coordinator, asked what amount is involved and if the employee is not at fault why the County would not support the measure before the Legislature to make the employee whole. He asked the purpose of referring the issue to the Ways & Means Committee. Asleson said the amount, to date, is just over $21,500 and covers a three-year period. There is additional time involved prior to this three-year period. The goal is to work with the employee and PERA to determine the amounts each party is responsible for prior to presenting this to the Legislature. The process would involve formulating a plan on the part of the County at the Ways & Means Committee Meeting. After that, the County would approach PERA. He was unsure whether this issue will be brought back to the County Board. Norman asked whether the payment will be funded from the appropriate line item in the Road & Bridge Budget. Hiivala said that would be his recommendation as that is where the expense would have originally been funded. The interest portion of the bill will be funded from Budget 100 ($2,770.77). Russek moved to refer this issue to the Ways & Means Committee, seconded by Mattson. Mattson asked whether the Highway Engineer is aware of this payment from the Road & Bridge budget. Hiivala said the Highway Accountant is aware of it. The motion carried 5-0.

On a motion by Mattson, second by Russek, all voted to approve the claims as listed in the abstract, subject to audit.

At the last Meeting, Mattson requested that this week's Agenda include discussion on the Bertram Chain of Lakes and the YMCA improvements. At today's County Board Meeting, copies of the 11-18-08 Board Minutes were provided reflecting where the Memorandum of Understanding between the County, City of Monticello, and the YMCA was approved on a 5-0 vote. Mattson referenced page 5 of those minutes, 6th to the last line on the page, which reflects, "Mattson asked if the County has to agree to purchase each phase, or if the County has the right to negate future purchases. Sawatzke stated that the County is agreeing to buy three parcels, however, we are not required to buy all of the parcels." Mattson said the County can get to the point where it chooses not to move forward with any more purchases of land or payments. In 2008, the economy was different. Sawatzke said this is correct. The majority of the County Board can vote against future purchases of land. The YMCA's request went to the Planning Commission for approval, not the County Board, as there was general agreement of the County Board on this process. The Memorandum is not definitive on what the YMCA can do on the land but carries broad statements in this regard. Sawatzke and Thelen serve on the Bertram Chain of Lakes Advisory Board so they are kept up to date on things that are occurring. Sawatzke said that just because Mattson voted for the purchase in 2008 it does not prohibit him from voting against future land purchases. No action was taken by the County Board on this issue.

Marc Mattice, Parks Administrator, requested approval to expend an estimated $8,000 for electrical improvements at Collinwood Regional Park. The expenditure will be funded from the Campground Improvement Funds (Line Item 02-529-6605). The Fund is made up of fees collected at each camping location for improvements to Schroeder and

WAYS AND MEANS COMMITTEE
MINUTES
JUNE 20, 2012

MEMBERS PRESENT: Mattson, Eichelberg (for Sawatzke), and Norman

OTHERS PRESENT: Asleson and Hiivala

I. PERA Backpayment.

Asleson said the Auditor/Treasurer's Office informed him earlier this year that Bruce Bersie, an employee in the Highway Department, did not have PERA (Public Employees Retirement Association) withholdings from his paychecks. He was hired as a temporary employee and went full-time in April 2007. That is when PERA deductions should have started being withheld from his paychecks and were not. The awareness of this issue came about when the employee contacted PERA for a current statement. In checking payroll records, the employee's record at Wright County was not flagged for a PERA deduction. PERA did not catch the error either. The County was required to pay back the PERA liability and the obligation is not debatable. The County paid $21,364.42 to PERA for the period of January 1, 2009 through March 17, 2012. The employee is responsible for 60 days of earnings immediately prior to when PERA deductions were first withheld. His portion is being taken through payroll deduction.

PERA will only allow correction back to 2008. There is an additional 1.75 years (from April, 2007 through 2008) that the employee is eligible for PERA contributions. That allowance would require special Legislation through the Legislative Committee on Pensions and Retirement. Legislative Committee materials reflect that payment of service credit must include a minimum payment by the member (employee) along with compound interest unless the employer committed an egregious error. Asleson said this omission was not intentional on the part of Wright County. It is up to the employee whether he would like to proceed on correction of the 1.75 years of PERA contributions. The County's financial share for this time period would be $3,749.45 and the employee's share would be $3,456.93. Both amounts are subject to interest.

The suggested action includes obtaining a signed document from the employee outlining his intent to purchase service credits from April 2007 through 2008 and acknowledgement of the requirement to contribute financially including interest. The next step would be for the County to contact PERA and the Legislative Committee on Pensions and Retirement. The County Board would then ask for special legislation in the 2013 Session.

Recommendation: Authorize proceeding as outlined.

Public Employees Retirement Association of Minnesota
60 Empire Drive, Suite 200
Saint Paul, Minnesota 55103-2088
Member Information Services: 651-296-7460 or 1-800-652-9026
Employer Response Lines: 651-296-3636 or 1-888-892-7372
PERA Fax Number: 651-297-2547
PERA Website: www.mnpera.org

PERA ID No. [redacted]
BILLING DATE: 04/02/2012
REQUESTED DUE DATE:05/02/2012

CARLA NELSON PAYROLL
WRIGHT COUNTY
10 2ND ST NW
BUFFALO MN 55313-2159

OMITTED DEDUCTION BILLING STATEMENT

Member Name, SS# Number	Omitted Deduction Period	Member Portion	(Employer Paid) Employer Liability					(PERA Use Only)
BERSIE, BRUCE D-[redacted]	1/1/2009 - 3/17/2012	576.61	8133.43	10032.77	2621.61	0.00	21364.42	
Totals		576.61	8133.43	10032.77	2621.61	0.00	21364.42	

AMOUNT TO REMIT TO PERA: $ **21364.42**

Make check payable to *Public Employees Retirement Association*

Authorized Signature	Telephone Number

(RESERVED FOR PERA OFFICE USE ONLY)

Payment Amount	Check No.	Date

QUESTIONS: If you have any questions about omitted deduction determinations or billings, please send an e-mail to "denna.thurmond@mnpera.org, melony.follmer@mnpera.org" or call the PERA office at 1-888-892-7372, option 3.

PLEASE READ THE FOLLOWING PAGES FOR PAYMENT INFORMATION
KEEP ONE COPY - RETURN ONE COPY WITH PAYMENT

ISSUING PAYMENT

Please mail a check, made payable to "*Public Employees Retirement Association,*" and one completed copy of this statement to the PERA office at the address at the top of the statement. Please make sure that you have signed the check and inserted your telephone number and that your check amount matches the amount to be remitted to PERA, or, if not, that the billing identifies the amounts that are NOT a part of your payment.

You may include payment for omitted deductions on a PERA Salary Deduction Report (SDR) or any accompanying magnetic media. If you cannot send payment for all of the listed employees, we ask that you identify, on this statement, the employees, the amounts that are not a part of your payment, and the reason for the exclusion. Without an explanation of why a payment amount does not equal the grand total shown on the billing statement, we will be unable to determine which member amounts are to be credited.

EMPLOYEE CONTRIBUTIONS

Under the law (Minn. Stat. §353.27, subd. 12), an employee pays ONLY the omitted employee deductions for the 60 days ending with the last pay period in which salary was earned but deductions were not withheld ("Member Portion" column). The omitted employee deductions MUST be deducted as pre-tax contributions from the employee's subsequent salary and the employer MUST pay any remaining omitted employee deductions due ("Employee" column) and not attempt to recover the contributions from the employee.

INTEREST

Current law requires interest be charged at the rate of 8.5 percent compounded annually from the date(s) the contributions were first payable. Omitted Deduction Billing Statements include such interest assuming that the PERA office will receive full payment no later than 30 days from the billing date. If payment is made before or after that date, we will refund the overpayment or bill for the additional accrued interest only if the amount exceeds $5 per employee.

SOCIAL SECURITY ADJUSTMENTS

Adjustments must be made on your quarterly Social Security reports to cover any Social Security taxes that were omitted. Please contact the Internal Revenue Service if you have any questions concerning how to complete that report.

INFORMATION ABOUT OMITTED DEDUCTIONS

PERA sends Omitted Deduction Billing Statements once per month covering accounts PERA has determined that the required employee and employer contributions have been omitted (based on an individual's employment status and salary). Affected employees are listed on the statement, along with a breakdown of the employee and employer amounts due. Upon receipt of payment in full, we will transfer the amounts paid by employees directly into their individual accounts. Employee deductions paid by employers are placed in the general fund and are not refundable to members. But, they provide each person with service credit for the period covered.

REB00888004990.Doc

Payroll Dates	Pay Date	Wage	employee	employer	employer addl
04-07-2007-04-20-2007	04-27-2007	452.10	26.00	26.00	2.26
04-21-2007-05-04-2007	05-11-2007	1160.39	66.72	66.72	5.80
05-05-2007-05-18-2007	05-25-2007	1205.60	69.32	69.32	6.03
05-19-2007-06-01-2007	06-08-2007	1205.60	69.32	69.32	6.03
06-02-2007-06-15-2007	06-22-2007	1205.60	69.32	69.32	6.03
06-16-2007-06-29-2007	07-06-2007	1205.60	69.32	69.32	6.03
06-30-2007-07-13-2007	07-20-2007	1205.60	69.32	69.32	6.03
07-14-2007-07-27-2007	08-03-2007	1205.60	69.32	69.32	6.03
07-28-2007-08-10-2007	08-17-2007	1205.60	69.32	69.32	6.03
08-11-2007-08-24-2007	08-31-2007	1205.60	69.32	69.32	6.03
08-25-2007-09-07-2007	09-14-2007	1205.60	69.32	69.32	6.03
09-08-2007-09-21-2007	09-28-2007	1205.60	69.32	69.32	6.03
09-22-2007-10-05-2007	10-12-2007	1205.60	69.32	69.32	6.03
10-06-2007-10-19-2007	10-26-2007	1228.21	70.62	70.62	6.14
10-20-2007-11-02-2007	11-09-2007	1291.06	74.24	74.24	6.46
11-03-2007-11-16-2007	11-23-2007	1270.40	73.05	73.05	6.35
11-17-2007-11-30-2007	12-07-2007	1341.86	77.16	77.16	6.71
12-01-2007-12-14-2007	12-21-2007	1302.16	74.87	74.87	6.51
Total		21307.78	1225.20	1225.20	106.54
12-15-2007-12-28-2007	01-04-2008	1504.63	90.28	90.28	7.52
12-29-2007-01-11-2008	01-18-2008	1317.67	79.06	79.06	6.59
01-12-2008-01-25-2008	02-01-2008	1492.37	89.54	89.54	7.46
01-26-2008-02-08-2008	02-15-2008	1304.80	78.29	78.29	6.52
02-09-2008-02-22-2008	02-29-2008	1761.48	105.69	105.69	8.81
02-23-2008-03-07-2008	03-14-2008	1745.17	104.71	104.71	8.73
03-08-2008-03-21-2008	03-28-2008	1533.14	91.99	91.99	7.67
03-22-2008-04-04-2008	04-11-2008	1626.92	97.62	97.62	8.13
04-05-2008-04-18-2008	04-25-2008	1321.11	79.27	79.27	6.61
04-19-2008-05-02-2008	05-09-2008	1304.80	78.29	78.29	6.52
05-03-2008-05-16-2008	05-23-2008	1370.40	82.22	82.22	6.85
05-17-2008-05-30-2008	06-06-2008	1449.12	86.95	86.95	7.25
05-31-2008-06-13-2008	06-20-2008	1370.40	82.22	82.22	6.85
06-14-2008-06-27-2008	07-04-2008	1383.25	83.00	83.00	6.92
06-28-2008-07-11-2008	07-18-2008	1383.25	83.00	83.00	6.92
07-12-2008-07-25-2008	08-01-2008	1370.40	82.22	82.22	6.85
07-26-2008-08-08-2008	08-15-2008	1408.94	84.54	84.54	7.04
08-09-2008-08-22-2008	08-29-2008	1370.40	82.22	82:22	6.85
08-23-2008-09-05-2008	09-12-2008	1370.40	82.22	82.22	6.85
09-06-2008-09-19-2008	09-26-2008	1370.40	82.22	82.22	6.85
09-20-2008-10-03-2008	10-10-2008	1370.40	82.22	82.22	6.85
10-04-2008-10-17-2008	10-24-2008	1370.40	82.22	82.22	6.85
10-18-2008-10-31-2008	11-07-2008	1370.40	82.22	82.22	6.85
11-01-2008-11-14-2008	11-21-2008	1370.40	82.22	82.22	6.85
11-15-2008-11-28-2008	12-05-2008	1370.40	82.22	82.22	6.85
11-29-2008-12-12-2008	12-19-2008	1584.53	95.07	95.07	7.92
Total		37195.58	2231.73	2231.73	185.98
Total of all Years		58503.36	3456.93	3456.93	292.52
Total Employee			3456.93		
Total County				3749.45	

353.27 GENERAL EMPLOYEES RETIREMENT FUND.

Subd. 12.**Omitted salary deductions; obligations.**

(a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

(e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

353.0161 AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (5), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in subdivision 1 may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, or at termination of public service, whichever is earlier, multiplied by the employee's average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the number of months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date the person terminates public service under section 353.01, subdivision 11a.

History: *2007 c 134 art 2 s 18; 2008 c 349 art 5 s 18; 2009 c 169 art 4 s 7; 2010 c 359 art 5 s 6*

.... moves to amend S.F. No. 780; H.F. No. 963, as follows:

Page 2, after line 29, insert:

"**EFFECTIVE DATE.** This section is effective the day following final enactment."

.... moves to amend S.F. No. 780; H.F. No. 963, as follows:

Page 2, line 5, delete "The" and insert "Minnesota Statutes, section 356.551, applies to this purchase, except that the"

Page 2, line 10, delete "determined under Minnesota Statutes, section 356.551,"

.... moves to amend S.F. No. 780; H.F. No. 963, as follows:

Page 1, before line 6, insert:

"Section 1. Minnesota Statutes 2012, section 353.27, subdivision 12, is amended to read:

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

(e) The association may not ~~commence~~ begin action for the recovery of omitted employee deductions and employer contributions after the expiration of ~~three~~ one calendar ~~years~~ year after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already ~~commenced~~ begun action for recovery of omitted deductions. An action for recovery ~~commences~~ begins on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to association actions that begin on or after the effective date."

Renumber the sections in sequence

Amend the title accordingly

.... moves to amend S.F. No. 780; H.F. No. 963, as follows:

Page 1, before line 6, insert:

"Section 1. Minnesota Statutes 2012, section 353.27, subdivision 12, is amended to read:

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

(e) The association may not ~~commence~~ begin action for the recovery of omitted employee deductions and employer contributions under payment terms specified in paragraphs (c) and (d) after the expiration of ~~three~~ one calendar ~~years~~ year after the calendar year in which the contributions and deductions were omitted.

(f) After the last permitted date under paragraph (e), but before three years after the start of the omitted contribution period, section 356.551 applies, except that the employee shall pay employee contributions only, and the employer must pay the remainder of the full actuarial value.

(g) Except as provided under paragraph (b), no payment may be made or accepted unless the association has already ~~commenced~~ begun action for recovery of omitted deductions. An action for recovery ~~commences~~ begins on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to association actions that begin on or after the effective date."

Renumber the sections in sequence

Amend the title accordingly

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 780

(SENATE AUTHORS: ANDERSON and Kiffmeyer)

DATE	D-PG	OFFICIAL STATUS
02/25/2013		Introduction and first reading Referred to State and Local Government

A bill for an act

relating to retirement; Public Employees Retirement Association; permitting a Wright County Highway Department employee to purchase service credit for a period of omitted contributions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED CONTRIBUTION PERIOD; WRIGHT COUNTY HIGHWAY DEPARTMENT EMPLOYEE.**

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is entitled to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member deductions described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on March 19, 1959;

(2) is a current employee of the Wright County Highway Department, covered by the general employees retirement plan of the Public Employees Retirement Association;

(3) shifted from temporary to full-time employment with the highway department in April 2007; and

(4) was not reported by Wright County for retirement coverage by and membership in the general employees retirement plan of the Public Employees Retirement Association until March 2012.

(c) The period of uncredited service authorized for purchase is the period from April 2007 through December 2008, during which no member contributions for the general employees retirement plan of the Public Employees Retirement Association were deducted from the eligible person's salary by Wright County, and which could not be corrected through the Public Employees Retirement Association omitted contribution provision due to a three-year time limit in the provision.

(d) The purchase payment amount payable by the eligible person is the employee contributions that should have been made, plus 8.5 percent interest compounded annually from the date each deduction should have occurred, until the date paid to the Public Employees Retirement Association. The purchase payment amount payable by Wright County is the balance of the full actuarial value prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551, as of the first day of the month next following the receipt of the eligible person's payment that is remaining after deducting the purchase payment amount payable by the eligible person.

(e) The payment amount due from the county under paragraph (d) must be made on or before the 15th of the month next following the receipt of the eligible person's payment under paragraph (d). If the county purchase payment amount is not paid in a timely fashion, the amount due accrues compound monthly interest at the rate of 0.71 percent per month from the first day of the month next following the receipt of the eligible person's payment until the county purchase payment amount is received by the Public Employees Retirement Association. If the county purchase payment amount is not paid to the Public Employees Retirement Association 90 days after the receipt of the eligible person's payment, the executive director shall notify the commissioner of management and budget and the commissioner of revenue of that unpaid obligation and the unpaid obligation must be deducted from any state aid otherwise payable to the county, plus interest.

(f) The eligible person must provide the executive director of the Public Employees Retirement Association with any relevant requested information pertaining to this service credit purchase.

(g) Authority to make a service credit purchase under this section expires on June 30, 2014, or upon the termination from public employment under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.