



TO: House Members of the Legislative Commission on Pensions and Retirement

FROM: Edward Burek, Deputy Director *EB*

RE: 2010 House Omnibus Retirement Bill (H.F. 3281, First Engrossment), as Recommended by the House State and Local Government Operations Reform, Technology and Elections Committee

DATE: March 24, 2010

### Introduction

H.F. 3281 (Murphy, M.), the first engrossment, contains the contents of the House Omnibus Retirement Bill as recommended by the House State and Local Government Operations Reform, Technology and Elections Committee on March 18, 2010.

### Source Legislation for the 2010 House Omnibus Retirement Bill

The 2010 House Omnibus Retirement Bill, H.F. 3281 (Murphy, M.), the first engrossment is derived from the following retirement bills and amendments:

1. S.F. 578 (Betzold); H.F. 1123 (Murphy, M.): Various plans; Administrative and benefit-related provisions.
2. S.F. 889 (Betzold); H.F. xxxx: MSRS-Unclassified; Changes in membership transfer authority.
3. S.F. 1180 (Betzold); H.F. 1774 (Nelson): Minnesota Deferred Compensation Program/MSRS-Unclassified amendments.
4. S.F. 1407 (Tomassoni); H.F. 1358 (Mahoney): MSRS-Unclassified; Transfer option to MSRS-General for legislators.
5. S.F. 1417 (Pogemiller); H.F. 1327 (Murphy, M.): Various plans, Extend/modify an early retirement incentive program.
6. S.F. 2404 (Pappas); H.F. 2951 (Murphy, E.): SPTRFA; Financial sustainability provisions.
7. S.F. 2474 (Betzold); H.F. 2739 (Murphy, M.): PERA plans; Salary/service credit purchase procedures
8. S.F. 2499 (Betzold); H.F. 2953 (Murphy, M., by request): TRA; Financial sustainability provisions.
9. S.F. 2573 (Betzold); H.F. 2952 (Murphy, M.): MSRS; Financial sustainability provisions.
10. S.F. 2631 (Betzold); H.F. 2999 (Murphy, M., by request): PERA; Financial sustainability provisions.
11. S.F. 2644 (Betzold); H.F. 2922 (Thissen): MERF, PERA-General; Administrative consolidation of MERF.
12. S.F. 2672 (Betzold); H.F. xxxx: PERA-P&F; Financial sustainability provisions.
13. S.F. 2918 (Betzold); H.F. 3281 (Murphy, M.): State Auditor's volunteer fire relief association working group recommendations.
14. H.F. 814 (Urdahl): Various plans; Permit court-ordered optional annuity revocation in certain marriage dissolutions.
15. Document LCPR09-071 (Betzold): Various retirement plans; Actuarial reporting deadline dates.
16. Document LCPR09-070 (Atkins): PERA-General; Service credit purchase, prior uncredited ISD#199 employment period.
17. Document LCPR09-080: PERA Volunteer Fire; Administrative provisions.
18. Document LCPR09-081: PERA Volunteer Fire; Expansion of service pension levels.
19. Document LCPR10-003 (Betzold): MnSCU; Administrative provisions.
20. Document LCPR10-005: MSRS plans: Administrative provisions.
21. Document LCPR10-008 (Betzold): PERA; Administrative provisions.
22. Document LCPR10-038 (Murphy, M.): DTRFA; Financial sustainability provisions.
23. House Gov Ops Amendment H3281-4A: Statewide plans; Deferred annuities augmentation revisions effective dates.
24. House Gov Ops Amendment LCPR10-8A (Poppe): MnSCU/TRA; Second chance referendum for certain IRAP member.

### General Summary of H.F. 3281, First Engrossment

**Article 1: Defined Benefit Plan Financial Sustainability Provisions.** The article contains the following benefit reductions and changes, contribution increases, and other provisions formulated and recommended by the governing boards of the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA), the Duluth Teachers Retirement Fund Association (DTRFA), and the St. Paul Teachers Retirement Fund Association (SPTRFA):

## 1. Contribution Increases.

- a. MSRS Plans. The member contribution rate for the State Patrol Retirement Plan is increased by 0.8 percent of salary, the employer contribution rate for the State Patrol Retirement Plan is increased by 1.2 percent of salary, and an additional employer contribution of 10.0 percent of salary is created for the State Patrol Retirement Plan.
- b. PERA Plans. The member contribution rate for the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) is increased from 6.0 percent to 6.25 percent and for the Public Employees Police and Fire Retirement Plan (PERA-P&F) is increased from 9.4 percent to 9.6 percent. The employer contribution rate for PERA-General is increased from 6.0 percent to 6.25 percent and for PERA-P&F is increased from 14.1 percent to 14.4 percent. The automatic PERA-General contribution adjustment provision enacted in 2006 is modified to cover larger potential contribution increases in the event of large contribution deficiencies.
- c. TRA. The Teachers Retirement Association (TRA) member contribution rates would be increased on a phase-in basis by two percent of covered salary over four years, with 0.5 percent increases occurring every July 1 beginning July 1, 2011. Employing unit contribution rates for TRA would be increased by two percent of covered salary on a phase-in basis over four years, with 0.5 percent increases occurring every July 1 beginning July 1, 2011. After July 1, 2015, if the TRA actuarial valuation indicates a contribution rate deficiency (i.e., total support as a percentage of covered salary compared to total financial requirements expressed as a percentage of covered salary) of at least 0.5 percent of covered payroll, with the approval of (or inaction by) the Legislative Commission on Pensions and Retirement, the member contribution rate will increase by 0.25 percent of covered salary and the employer contribution rate will increase by 0.25 percent of covered salary, with the downward adjustment if there is a contribution sufficiency.
- d. DTRFA. The Duluth Teachers Retirement Fund Association (DTRFA) member contribution rate would be increased from 5.5 percent to 6.5 percent in two annual steps. The DTRFA employer contributions would be increased from 5.79 percent to 6.79 percent in two annual steps.
- e. SPTRFA. The St. Paul Teachers Retirement Fund Association (SPTRFA) basic program member contribution rate is increased from 8.0 percent to 9.0 percent and the SPTRFA coordinated program member contribution is increased from 5.5 percent to 6.5 percent in two annual steps. The SPTRFA basic program employer contribution is increased from 8.0 percent to 10.0 percent in four annual steps. The SPTRFA coordinated program employer contribution is increased from 4.5 percent to 6.5 percent in three steps over four years. Direct state aid to the fund and supplemental contributions terminate upon full funding of the plan.

## 2. Post-Retirement Increase Rate Reduction.

- a. MSRS. Until the respective MSRS-administered plan achieves a 90 percent funding ratio (market value of assets as a percentage of actuarial accrued liability), the annual post-retirement adjustment rate is reduced from 2.5 percent to 2.0 percent for the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional), the Legislators Retirement Plan, the Constitutional Officers Retirement Plan, the State Patrol Retirement Plan, and the Judges Retirement Plan.
- b. PERA Plans, Except PERA-P&F. Until the respective PERA-administered retirement plan other than the Public Employees Police and Fire Retirement Plan (PERA-P&F), achieves a 90 percent funding ratio on a market value of assets basis, the annual post-retirement adjustment rate is reduced from 2.5 percent to 1.0 percent for PERA-General and the Local Government Correctional Service Retirement Plan (PERA-Correctional).
- c. PERA-P&F. In January 2011 and January 2012, the post-retirement adjustment will be one percent in each year. In January 2013, and until the retirement fund is 90 percent funded on a market value basis, and if the retirement fund falls below 90 percent funded on a market value basis, the post-retirement adjustment will be equal to the percentage increase in the Consumer Price Index-Urban Workers All Items up to 1.5 percent annually. Upon attaining 90 percent funded on a market value basis, the post-retirement adjustment will be equal to the percentage increase in the Consumer Price Index-Urban Workers All Items up to 2.5 percent annually.
- d. TRA. The automatic 2.5 percent annual post-retirement adjustment enacted in 2008 and implemented in 2009 with the dissolution of the Minnesota Post Retirement Investment Fund, is suspended for the Teachers Retirement Association (TRA) for January 1, 2011, and for January 1, 2012 until the plan becomes 90 percent funded on a market value of assets.

- e. DTRFA. The automatic two percent post-retirement increase is terminated and replaced by a new mechanism. The procedure providing post-retirement adjustments based on earnings in excess of 8.5% five-year return is replaced by a transitional provision providing no post-retirement adjustment if funding ratio based on market is less than 80%, a one percent increase if funding ratio is at least 80% but less than 90%, and a two percent increase if the ratio is at least 90%. When the funding ratio based on actuarial value is at least 90%, the transition system is terminated and replaced by an inflation match up to five percent. After the transitional provision has terminated, DTRFA will provide a post-retirement adjustment matching inflation up to five percent. Minnesota Statutes, Section 354.27, Subdivision 1, an unnecessary prior DTRFA transitional post-retirement adjustment authority provision, is repealed.
3. Reinstitution of Minimum Waiting Period for the Initial Post-Retirement Adjustment. A retiree or other benefit recipient of any retirement plan administered by MSRS and of TRA would be required to be in receipt of the annuity or benefit for at least six months before qualifying for the initial post-retirement adjustment.
  4. Refund Interest Rate Reduction. The rate of interest on refunds paid from any retirement plan administered by MSRS, PERA, or TRA is reduced from six percent annually to four percent annually.
  5. Deferred Annuity Augmentation Rate Reduction.
    - a. MSRS. The rate of compound increase during the deferred period on deferred retirement annuities is reduced from its current rates (three percent before age 55 and five percent after age 54 for pre-2006 hires and 2.5 percent at any age for post-2005 hires) to two percent for the Legislators Retirement Plan, MSRS-General, MSRS-Correctional, and the State Patrol Retirement Plan.
    - b. PERA. The rate of compound increase during the deferral period on deferred retirement annuities is reduced from current rates (three percent before age 55 and five percent after age 54 for pre-2006 hires and 2.5 percent at any age for post-2005 hires) to no augmentation for PERA-General, PERA-P&F, and PERA-Correctional.
    - c. TRA. The current TRA deferred annuity augmentation rates of three percent per year until age 55 and five percent per year after age 55 for pre-July 1, 2006, hires and of 2.5 percent for post-June 30, 2006, hires are reduced to two percent per year.
    - d. DTRFA. The DTRFA deferred annuity augmentation rate is reduced to two percent for all periods occurring after July 1, 2010.
  6. Elimination of the Reemployed Retiree Earnings Limitation Deferral Account Interest. The interest payable on the deferred benefit account for reemployed retirees who exceed the earnings limitation, set at a six percent compound rate, is eliminated for MSRS-General, MSRS-Correctional, PERA-General, PERA-P&F, PERA-Correctional, TRA, and DTRFA.
  7. Increased Vesting Requirements.
    - a. MSRS. The minimum allowable service credit required to obtain entitlement to a retirement annuity or other retirement benefit is increased from three years to five years for plan members newly hired after June 30, 2010, for MSRS-General and the State Patrol Retirement Plan, and from three years to ten years for plan members newly hired after June 30, 2010, for MSRS-Correctional.
    - b. PERA. For post-June 30, 2010, hires covered by PERA-General, the vesting period for retirement annuity and other benefit entitlement is increased from the current three years to five years of allowable service. For post-June 30, 2010, hires covered by PERA-P&F and PERA-Correctional, the vesting period for retirement annuity and certain other benefit entitlements is shifted from three-year cliff vesting to scaling-up vesting (50 percent with five years of allowable service to 100 percent with ten years of allowable service).
    - c. DTRFA. For post-June 30, 2010, hires, the DTRFA vesting requirement will be five years rather than three years.
  8. Increased Early Retirement Reduction Factor. The amount of the retirement annuity per year before the normal retirement age is reduced upon early retirement is increased from 1.2 percent to 2.4 percent for members of the State Patrol Retirement Plan newly hired after June 30, 2010, and from 2.4 percent to 5.0 percent for members of MSRS-Correctional if employed before July 1, 2010, and retiring after June 30, 2015, or if employed after June 30, 2010.
  9. Reduced Benefit Accrual Formula Percentage Rate. The percentage rate applied to a final average salary and multiplied by the number of years of allowable service in calculating a single-life

retirement annuity for MSRS-Correctional is reduced from 2.4 percent per year to 2.2 percent per year for newly hired plan members after June 30, 2010.

10. Amortization Date Extension. The amortization date for MSRS-General is extended from 2020 to 2040.
11. Revised Salary Increase Actuarial Assumption. The PERA-General salary increase and payroll increase assumptions are revised as recommended by its consulting actuary in the 2004-2008 PERA-General Quadrennial Experience Study.
12. Study of Retirement Plan Investment and Fiduciary Provisions. The State Auditor is directed to convene a study group to review the investment authority and fiduciary provisions for large and small retirement plans, with recommendations due by January 15, 2011.

Article 2: MSRS Administrative Provisions. The article makes administrative and other changes to the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) and to the State Patrol Retirement Plan, and to a wrongful discharge provision applicable to many Minnesota public pension plans. It expands the definition of seasonal employee to include all seasonal employees rather than just Department of Revenue seasonal employees, revises the name of the State Deferred Compensation Plan to the Deferred Compensation Plan, revises insurance withholding for public safety reemployed annuitants to avoid failure to pay insurance premiums, creates specific leave of absence provisions in the State Patrol Retirement Plan, creates a provision to address coverage errors and omitted contributions, revises the supplemental plan restriction provision by removing a prohibition against making contributions to a deferred compensation plan on behalf of volunteer firefighters in lieu of Social Security coverage, and eliminates statements in the wrongful discharge annuity repayment requirement statement regarding actions to occur if the annuity is not repaid.

Article 3: Minnesota State Deferred Compensation Plan Amendments. Employers of public employees participating in the Minnesota State Deferred Compensation Plan are required to provide information to the third-party administrator of the program, who must comply with data practice requirements and who is prohibited from undertaking unrelated service or product sales solicitations.

Article 4: MSRS-Unclassified State Employees Retirement Program Amendments. The definition of "value" for the program is revised to mean the account's market value at the end of the day rather than value at the end of the month following receipt of an annuity. For legislators elected before July 1, 2010, a member can elect MSRS-General coverage instead of MSRS-Unclassified coverage before July 1, 2011, or the completion of seven years of service. For employees first hired after June 30, 2010, and legislators first elected after June 30, 2010, the default coverage will remain in MSRS-Unclassified but any option to transfer to MSRS-General must be made within the first seven years. For employees first hired after June 30, 2010, and legislators elected after June 30, 2010, the right to transfer from MSRS-Unclassified to MSRS-General at any time up to retirement after ten years of covered MSRS service is eliminated, with any coverage transfer to be exercised within the initial seven years of state service. MSRS-Unclassified employee contribution rates are indexed to MSRS-General member contribution rates. Transfers from MSRS-General to MSRS-Unclassified will be credited with six percent interest. The MSRS-Unclassified investment option provision is revised consistent with the change from monthly to daily pricing, and to permit changes in the funds used to invest an account to be made electronically rather than in writing. The MSRS-Unclassified asset withdrawal provision is revised to be consistent with daily rather than monthly valuation of accounts. The MSRS-Unclassified retirement and disability benefit accrual date provisions are revised to permit an annuity to accrue the day after receipt of a valid application or the day following termination of employment, whichever is later, rather than at the start of the next full month. The prospectus provision is amended to require the executive director to make the investment prospective available by electronic means and by permitting individuals to request hard copies, rather than by requiring distribution of a prospectus to each participant. The cap on the MSRS-Unclassified administrative fees is eliminated.

Article 5: PERA Administrative Provisions. The PERA membership provisions are revised; the PERA board election provision is revised to permit use of internet; employer reporting is clarified and new fines for employer reporting failures are imposed; employee refund treatment when erroneous contributions occur is revised; the Postretirement Option Program (PRO) is modified to permit up to four renewals and the program is extended in duration; elected county sheriff PERA-P&F annuitants are included in the Public Employees Defined Contribution Plan; the Public Employees Defined Contribution Plan membership provisions are clarified; three healthcare organizations are added to the PERA Privatization Chapter; inclusion in the PERA Privatization Chapter is permitted if employer payment is made to eliminate an expected PERA actuarial loss; the major retirement plan appeal procedure is clarified and revised; the City of Virginia is permitted to use the correction of deductions provision enacted in 2009 for City of Duluth and for the Duluth Airport; the provision for purchasing service and salary credit during

period of workers' compensation where the individual is receiving partial payment from the employer is replaced with a new section which differs by excluding overtime pay from the salary used to compute the contributions, and by expanding the procedure to also apply to partial paid medical leaves, and partial paid leaves due to a budgetary or salary savings programs offered or mandated by a governmental subdivision, payment is based on the contribution rates in the applicable PERA plan and the difference between salary received during the leave or break in service and the salary received, excluding overtime, during the six-month period prior to the leave or break in service; the service credit purchase used for computing contributions for various other leave forms is revised by excluding overtime pay when determining the salary used to compute contributions required when purchasing service credit for leaves of absence when payment is made within one year of returning from a leave; and obsolete provisions are repealed.

Article 6: Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan. The applicability of fire state aid and local volunteer fire relief association regulation is clarified. The initial benefit level for transferring defined contribution volunteer fire relief associations is clarified. A special additional municipal asset transfer provision is eliminated. A special benefit default municipal funding requirement is added. Disability pension coverage through an insurance arrangement is permitted. The voluntary statewide lump-sum volunteer firefighter retirement plan service pension levels are amended by eliminating one service pension level (\$750), by adding five new service pension levels (\$600, \$700, \$800, \$900, and \$1,250), and by grandparenting any fire department that recently selected the eliminated \$750 service pension level.

Article 7: Teachers Retirement Association Service Credit Procedure Revisions. The Teachers Retirement Association (TRA) K-12 teacher service credit is modified to be a function of the teacher's salary relative to a base salary in the district rather than being based on hours of service, with the district base salary the salary paid in the prior year for the lowest Bachelor of Arts (BA) contract position and service credit will be computed monthly by dividing the teacher's monthly salary by the monthly base salary for the applicable employing unit by multiplying the result by 11.1 percent, with the result capped at 11.1 percent, so that a teacher may not earn more than 11.1 percent of one full year's service credit in a month. Annual service credit is calculated by adding the monthly service credit amounts for the months in the applicable fiscal year and a teacher may not earn more than one year of service credit in a fiscal year. The changes are effective for teaching service performed after June 30, 2012.

Article 8: MnSCU-IRAP Administrative Provisions. The Minnesota State Colleges and Universities System (MnSCU) is authorized to contract out for investment selection and review services for the Individual Retirement Account Plan (IRAP) with providers other than the State Board of Investment (SBI); institutions other than SBI are permitted to provide selection and review of investment vehicles for the Higher Education Supplemental Plan; and Minnesota Statutes, Section 354C.15, a provision authorizing the MnSCU Board to redeem SBI Supplemental Investment Fund shares held by plan members who want to redirect their assets to other investments is repealed.

Article 9: Actuarial Valuation Reporting Deadline Dates. The deadline date for actuarial valuation reports is set at the last day of the sixth month following the end of the retirement plan year (generally December 31) and the current experience study deadline date is extended from the first day of the eleventh month following the end of the retirement plan year (May 1) to the last day of the twelfth month following the end of the retirement plan year (June 30).

Article 10: Early Retirement Incentive Modifications. An early retirement incentive program that expired on July 15, 2009, is extended to October 1, 2012, and the incentive payment amount is reset from \$17,000 to the total of the maximum state regular unemployment compensation and employer-paid medical, dental, and life insurance premiums payable to the incentive recipient in the event of a layoff.

Article 11: Optional Annuity Revocation Following Certain Marriage Dissolutions. Bounces back to the full annuity amount the optional annuity form of a retired member with a post-retirement marriage dissolution if so ordered by the dissolution judgment, applicable retroactively to past marriage dissolutions, but annuity rescission prospective from the date of enactment.

Article 12: Administrative Consolidation of MERF into PERA. Provides for the administrative consolidation of the Minneapolis Employees Retirement Fund (MERF) into the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General), effective June 30, 2010; the current and future MERF retirees would receive downsized post-retirement adjustments; the MERF Division account would have the plan's continuing liability without a shift to PERA-General; changes current MERF actuarial assumptions to appropriate PERA-General actuarial assumptions; retains the current MERF and state funding of the MERF Division, with some changes; increases state funding for MERF Division within PERA-General by \$27.5 million annually, starting in 2012; adds a benefit cash flow special additional employer contribution requirement for the MERF Division; provides for the

eventual full merger with PERA-General; provides for the retention of the MERF Association and the disposition of MERF personnel.

Article 13: Conforming Changes Related to the MERF Administrative Consolidation. Makes conforming changes to the MERF administrative consolidation into PERA-General provided for in Article 12.

Article 14: Volunteer Firefighter Relief Association Modifications. Technical corrections to Minnesota Statutes, Chapters 69, 356A, and 424A are made. The 2009 break-in-service return-to-active-firefighting authorizations are revised. Transfers of lump sum service pension amounts to the Minnesota Deferred Compensation Plan are permitted. The payout order of volunteer firefighter relief association survivor/death benefits is clarified and revised. The State Auditor is authorized to order the correction of special fund erroneous deposits.

Article 15: One Person/Small Group Pension Issues. Allows certain employees of Independent School District No. 199 (Inver Grove Heights) with past uncredited employment to purchase General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) service credit at full actuarial value payment, with employing unit payment requirement and allows a certain Minnesota State Colleges and Universities System (MnSCU) employee whose position was upgraded to elect TRA coverage retroactive to September 2007.

Article 16: Miscellaneous Provisions. Adds reference to the retirement plan or plans established by the Hennepin County Medical Center in the exceptions to the general prohibition on public employers establishing primary or supplemental retirement plans for their employees.

cc: Representative Phyllis Kahn, State Government Finance Division Chair  
Brian Shekleton, State Government Finance Division Committee Administrator  
Mark Shepard, House Research  
Helen Roberts, House Fiscal Analyst  
Janis Rider, Assistant Revisor  
Don Crosby, Chief Clerk's Office

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
<b>Article 1: Financial Sustainability Provisions</b>					
1	3.8	SF2573 (Betzold); HF2952 (Murphy, M.)	Legislators Retirement Plan	3A.02, Subd. 4	The rate of compound increase during the deferred period on deferred retirement annuities is reduced from its current rates (3% before age 55 and 5% after age 54 for pre-2006 hires and 2.5% at any age for post-2005 hires) to 2%.
2	3.25	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.113, Subd. 1	The minimum allowable service credit required to obtain entitlement to a disability benefit is increased from three years to five years for plan members newly hired after 6/30/2010.
3	4.4	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.115, Subd. 1	The minimum allowable service credit required to obtain entitlement to a retirement annuity is increased from three years to five years for plan members newly hired after 6/30/2010.
4	4.12	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.12, Subd. 2	The minimum allowable service credit required to obtain entitlement to a survivor benefit is increased from three years to five years for plan members newly hired after 6/30/2010.
5	5.21	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS- General	352.22, Subd. 2	The rate of interest on refunds is reduced from 6% annually to 4% annually.
6	5.32	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.22, Subd. 3	The minimum allowable service credit required to obtain entitlement to a deferred retirement annuity is increased from three years to five years for plan members newly hired after 6/30/2010.
7	6.22	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.72, Subd. 1	The minimum allowable service credit required to obtain entitlement to a retirement annuity with multiple retirement plan service credit is increased from three years to five years for plan members newly hired after 6/30/2010.
8	7.12	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.72, Subd. 2	The rate of compound increase during the deferred period on deferred retirement annuities is reduced from its current rates (3% before age 55 and 5% after age 54 for pre-2006 hires and 2.5% at any age for post-2005 hires) to 2%.
9	8.16	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	352.75, Subd. 4	The rate of compound increase during the deferred period on deferred retirement annuities is reduced from its current rates (3% before age 55 and 5% after age 54 for pre-2006 hires and 2.5% at any age for post-2005 hires) to 2%.
10	9.17	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-Correctional	352.93, Subd. 1	The minimum allowable service credit required to obtain entitlement to a retirement annuity is increased from three years to ten years for plan members newly hired after 6/30/2010.
11	9.30	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-Correctional	352.93, Subd. 2a	The minimum allowable service credit required to obtain entitlement to a retirement annuity is increased from three years to ten years for plan members newly hired after 6/30/2010, and the amount of the retirement annuity per year before the normal retirement age is reduced upon early retirement is increased from 2.4% to 5% for plan members if employed before 7/1/2010 and retiring after 6/30/2015 or if employed after 6/30/2010.
12	10.11	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-Correctional	352.93, Subd. 3a	Clarifies the age parameters for the Social Security leveling optional annuity form.
13	10.20	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-Correctional	352.931, Subd. 1	The minimum allowable service credit required to obtain entitlement to a surviving spouse benefit is increased from three years to ten years for plan members newly hired after 6/30/2010.
14	11.18	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-Correctional	352.95, Subd. 2	The minimum allowable service credit required to obtain entitlement to a disability benefit is increased from three years to ten years for plan members newly hired after 6/30/2010.
15	12.1	SF2573 (Betzold); HF2952 (Murphy, M.)	State Patrol Retirement Plan	352B.02	The member contribution rate is increased by 0.8% of salary, the employer contribution rate is increased by 1.2% of salary, and an additional employer contribution of 10% of salary is imposed.
16	13.16	SF2573 (Betzold); HF2952 (Murphy, M.)	State Patrol Retirement Plan	352B.08, Subd. 1	The minimum allowable service credit required to obtain entitlement to a retirement annuity is increased from three years to five years for plan members newly hired after 6/30/2010.
17	13.29	SF2573 (Betzold); HF2952 (Murphy, M.)	State Patrol Retirement Plan	352B.08, Subd. 2a	The minimum allowable service credit required to obtain entitlement to an early retirement annuity is increased from three years to five years for plan members newly hired after 6/30/2010. The early retirement reduction rate for plan members newly hired after 6/30/2010 is increased from 1.2% per year under age 55 to 2.4% per year under age 55.

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
18	14.6	SF2573 (Betzold); HF2952 (Murphy, M.)	State Patrol Retirement Plan	352B.11, Subd. 2a	The minimum allowable service credit required to obtain entitlement to a survivor benefit is increased from three years to five years for plan members newly hired after 6/30/2010.
19	15.1	SF2573 (Betzold); HF2952 (Murphy, M.)	State Patrol Retirement Plan	352B.30, Subd. 1	The minimum allowable service credit required to obtain entitlement to a retirement annuity with multiple retirement plan service credit is increased from three years to five years for plan members newly hired after 6/30/2010.
20	15.22	SF2573 (Betzold); HF2952 (Murphy, M.)	State Patrol Retirement Plan	352B.30, Subd. 2	The rate of compound increase during the deferred period on deferred retirement annuities is reduced from its current rates (3% before age 55 and 5% after age 54 for pre-2006 hires and 2.5% at any age for post-2005 hires) to 2%.
21	16.4	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS Privatized Employees	352F.07	The rate of interest on refunds is reduced from 6% annually to 4% annually.
22	16.16	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-administered defined benefit plans	353.01, New Subd. 47	Adds a definition of "vesting," set at three years for pre-July 1, 2010, PERA-General plan members, five years for post-6/30/2010, PERA-General plan members, and scaled-up vesting between five years and ten years for PERA-P&F and PERA-Correctional plan members.
23	17.14	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.27, Subd. 2	Increases the coordinated program member contribution from 6.00% to 6.25%, effective on 1/1/2011.
24	17.27	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.27, Subd. 3	Increases the coordinated program employer contribution from 6.00% to 6.25%, effective on 1/1/2011.
25	18.6	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.27, Subd. 3b	Modifies the 2006 automatic contribution rate revision provision, provides for 0.5 or 0.75% of pay contribution increases with significant contribution deficiencies, requires a 1% of pay reserve if there is a future contribution sufficiency, requires implementation of any experience study related actuarial assumption changes before reducing contribution rates upon having a contribution sufficiency, and requires that funding for any future benefit increases be provided upon any future benefit increase proposal.
26	20.33	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.29, Subd. 1	Makes retirement annuity entitlement vesting consistent with vesting change in Sec. 22.
27	21.5	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.30, Subd. 1c	Makes retirement annuity entitlement vesting consistent with vesting change in Sec. 22.
28	21.15	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.32, Subd. 1	Makes refund interest rate change for death-related refund consistent with Sec. 32.
29	21.29	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.32, Subd. 1a	Makes the surviving spouse optional annuity entitlement vesting consistent with the vesting change in Sec. 22.
30	23.15	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.33, Subd. 1	Makes the disability benefit entitlement vesting consistent with the vesting change in Sec. 22.
31	23.26	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.34, Subd. 1	Makes refund interest rate change for post-termination refund consistent with Sec. 32.
32	24.12	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-administered retirement plans	353.34, Subd. 2	Reduces the refund interest rate from 6% to 4% for the post-6/20/2011, period.
33	24.26	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General	353.34, Subd. 3	Makes the deferred annuitant annuity entitlement vesting consistent with the vesting change in Sec. 22.
34	25.11	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-P&F	353.65, Subd. 2	Increases the member contribution rate from 9.4% of salary to 9.6% of salary beginning for calendar year 2011.
35	25.20	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-P&F	353.65, Subd. 3	Increases the employer contribution rate from 14.1% of salary to 14.4% of salary beginning for calendar year 2011.
36	25.27	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-P&F	353.651, Subd. 1	Makes the retirement annuity entitlement vesting consistent with the vesting change in Sec. 22.
37	26.2	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-P&F	353.651, Subd. 4	Makes the early reduced retirement annuity entitlement vesting consistent with the vesting change in Sec. 22.
38	26.16	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-P&F	353.657, Subd. 1	Makes the not-in-line-of-duty death survivor benefit entitlement vesting consistent with the vesting change in Sec. 22.
39	27.1	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-P&F	353.657, Subd. 2a	Makes the death-while-eligible death survivor benefit entitlement vesting consistent with the vesting change in Sec. 22.
40	28.4	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-administered retirement plans	353.71, Subd. 1	Makes the service-in-more-than-one-plan retirement annuity entitlement vesting consistent with the vesting change in Sec. 22.



## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
41	28.26	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-administered retirement plans	353.71, Subd. 2	Reduces the deferred annuity augmentation rates to 0% for post-12/31/2010, deferral periods.
42	30.8	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-Correctional	353E.04, Subd. 1	Makes the retirement annuity entitlement vesting consistent with the vesting change in Sec. 22.
43	30.17	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-Correctional	353E.04, Subd. 4	Makes the reduced early retirement entitlement vesting consistent with the vesting change in Sec. 22.
44	30.26	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-Correctional	353E.07, Subd. 1	Makes the over age 49 disability benefit entitlement vesting consistent with the vesting change in Sec. 22.
45	31.5	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-Correctional	353E.07, Subd. 2	Makes the under age 50 disability benefit entitlement vesting consistent with the vesting change in Sec. 22.
46	31.16	SF2631 (Betzold); HF2999 (Murphy, M.)	Privatized employee provisions	353F.03	Makes a special vesting provision reference consistent with the vesting change in Sec. 22.
47	31.24	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.42, Subd. 2	Increases the Basic member contribution rate from 9% to 11% and the Coordinated member contribution rate from 5.5% to 7.5% in 0.5% annual increments from 7/1/2011 until 7/1/2014.
48	32.18	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.42, Subd. 3	Increases the employer contribution rate for Basic members from 9.5% to 11.5% and for Coordinated members from 5.5% to 7.5% in 0.5% annual increments from 7/1/2011 until 7/1/2014.
49	33.19	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.42, New Subd. 4a	Creates a procedure for determining whether or not there is a contribution deficiency or a contribution sufficiency.
50	34.2	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.42, New Subd. 4b	Provides for an automatic member and employer contribution rate increase of 0.25% each if there is a 2.00% of covered pay or smaller contribution deficiency and of 0.50% each if there is a greater than 2.00% of covered pay contribution deficiency.
51	34.22	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.42, New Subd. 4c	Requires that any contribution sufficiency of up to 1% of pay be reserved to offset any future funding requirement increase and requires any future proposed benefit increase include a recommendation on the additional funding for the modification.
52	35.12	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.42, New Subd. 4d	Requires Legislative Commission on Pensions & Retirement review and approval (or inaction) of any automatic member and employer contribution rate increase under Sec. 49-50.
53	35.23	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.47, Subd. 1	Reduces the interest on a refund payable upon the death of an active member where no larger survivor benefit is payable from 6% to 4%.
54	36.20	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.49, Subd. 2	Reduces the interest on a refund payable upon termination from 6% to 4%.
55	37.2	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	354.55, Subd. 11	Reduces the deferred annuity augmentation rate from 3% before age 56 and 5% after age 55 for pre-7/1/2006 hires and from 2.5% for post-6/30/2006 hires to 2%.
56	38.30	SF2404 (Pappas); HF2951 (Murphy, E.), LCPR10-038 (Murphy, M.)	SPTRFA, DTRFA	354.12, Subd. 1	Increases DTRFA employee contributions from 5.5% to 6.5% of pay in two steps; increases SPTRFA basic member contribution rate from 8.5% to 9.0%, and the SPTRFA coordinated member rate from 5.5% to 6.5% in two steps.
57	39.19	SF2404 (Pappas); HF2951 (Murphy, E.), LCPR10-038 (Murphy, M.)	SPTRFA, DTRFA	354A.12, Subd. 2a	Increases DTRFA employer contributions from 5.79% in total to 6.79% of pay in two steps; increases SPTRFA basic program employer contribution rate from 8.0% to 10.0% in four steps and the SPTRFA coordinated program employer contribution rate from 4.5% to 6.5% in three steps.
58	40.29	SF2404 (Pappas); HF2951 (Murphy, E.)	TRA, SPTRFA	354A.12, Subd. 3c	Terminates supplemental contributions and direct state aid to SPTRFA when it is fully funded, rather than when its funding ratio matches that of TRA.
59	41.17	LCPR10-038 (Murphy, M.)	DTRFA	354A.27, Subd. 5	Terminates automatic 2% post-retirement increase, to be replaced by the mechanisms described in Sec. 60-61.
60	41.30	LCPR10-038 (Murphy, M.)	DTRFA	354A.27, Subd. 6	Procedure providing post-retirement adjustments based on earnings in excess of 8.5% five-year return is replaced by a transitional provision providing no post-retirement adjustment if funding ratio based on market is less than 80%, a 1% increase if funding ratio is at least 80% but less than 90%, and a 2% increase if the ratio is at least 90%. When the funding ratio based on actuarial value is at least 90%, the transitional system is replaced by an inflation match up to 5%.

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
61	42.34	LCPR10-038 (Murphy, M.)	DTRFA	354.27, New Subd. 7	After transitional provision has terminated, DTRFA will provide post-retirement adjustment matching inflation up to 5%.
62	43.29	LCPR10-038 (Murphy, M.)	DTRFA	354A.31, Subd. 1	For new members, the DTRFA vesting requirement will be five years rather than three years.
63	44.10	LCPR10-038 (Murphy, M.)	DTRFA	354A.35, Subd. 1	The DTRFA death refund interest rate is revised from 6% to 4% for periods after 7/1/2010.
64	44.25	LCPR10-038 (Murphy, M.)	DTRFA	354A.37, Subd. 2	The DTRFA deferred annuity augmentation rate is reduced to 2% for all periods occurring after 7/1/2010.
65	46.4	LCPR10-038 (Murphy, M.)	DTRFA	354A.37, Subd. 3	The DTRFA employee termination refund interest rate is reduced from 6% to 4%.
66	46.15	LCPR10-038 (Murphy, M.)	DTRFA	354A.37, Subd. 4	The DTRFA refund-in-lieu of annuity interest rate reduced from 6% to 4%.
67	46.27	SF2631 (Betzold); HF2999 (Murphy, M.)	Retirement plan actuarial work	356.215, Subd. 8	Replaces the PERA-General age-related select and ultimate future salary increase actuarial assumption with a service-related salary increase actuarial assumption.
68	52.6	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-General	356.215, Subd. 11	The amortization target date is extended from 2020 to 2040.
69	54.31	SF2573 (Betzold); HF2952 (Murphy, M.)	Combined service annuity	356.30, Subd. 1	Accommodates longer retirement plan vesting requirements in qualifying for a combined service annuity.
70	56.27	SF2573 (Betzold); HF2952 (Murphy, M.)	Combined service disability benefit	356.302, Subd. 3	Accommodates longer retirement plan vesting requirements in qualifying for a combined service disability benefit for general employees.
71	57.14	SF2573 (Betzold); HF2952 (Murphy, M.)	Combined service disability benefit	356.302, Subd. 4	Accommodates longer retirement plan vesting requirements in qualifying for a combined service disability benefit for public safety employees.
72	57.32	SF2573 (Betzold); HF2952 (Murphy, M.)	Combined service disability benefit	356.302, Subd. 5	Accommodates longer retirement plan vesting requirements in qualifying for a combined service disability benefit for combined general and public safety employees.
73	58.13	SF2573 (Betzold); HF2952 (Murphy, M.)	Combined service survivor benefit	356.303, Subd. 2	Accommodates longer retirement plan vesting requirements in qualifying for a combined service survivor benefit.
74	58.29	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS-Correctional	356.315, Subd. 5	The percentage rate applied to a final average salary and multiplied by the number of years of allowable service in calculating a single-life retirement annuity is reduced from 2.4 percent per year to 2.2 percent per year for newly hired plan members after June 30, 2010.
75	59.1	SF2499 (Betzold); HF2953 (Murphy, M.); SF2573 (Betzold); HF2952 (Murphy, M.); SF2631 (Betzold); HF2999 (Murphy, M.), Amendment related to SF2672 (Betzold)	Statewide retirement plans (MSRS, PERA, TRA)	356.415, Subd. 1	Excludes the various statewide retirement plans from the general statewide retirement plan post-retirement adjustment provision (which would provide a 2.5 percent annual increase) until financial sustainability is regained, defined as achieving a 90% funding ration based on market value.
76	59.30	SF2573 (Betzold); HF2952 (Murphy, M.)	MSRS plans	356.415, New Subd. 1a	Until financial stability is achieved, the annual post-retirement adjustment rate is reduced from 2.5% to 2.0%, and the benefit recipient must be in receipt of the annuity or benefit for at least six months before qualifying for an initial prorated post-retirement adjustment.
77	60.34	SF2631 (Betzold); HF2999 (Murphy, M.)	PERA-General, PERA Correctional	356.415, New Subd. 1b	Until financial stability is achieved the annual post-retirement adjustment rate is reduced from 2.5% to 1% for the applicable PERA plan.
78	62.16	SF2631 (Betzold); HF2999 (Murphy, M.), Commission Amendment S2573-3A, related to SF2672 (Betzold)	PERA-P&F	356.415, New Subd. 1c	Rather than the current automatic 2.5% post-retirement increase, a 1.0% increase will be paid in 2011 and 2012. In 2013 and thereafter until financial stability is achieved, the plan will provide an inflation match not to exceed 1.5%. When financial stability is achieved, the plan will pay an inflation match not to exceed 2.5%.
79	64.4	SF2499 (Betzold); HF2953 (Murphy, M.)	TRA	356.415, New Subd. 1d	TRA will pay no increase in 2011 and 2012. In 2013 and thereafter until financial stability is achieved, TRA will provide a 2.0% annual increase, with individuals in benefit receipt for at least six months but less than 12 months receiving a prorated increase. Upon achieving financial stability, the increase will be 2.5% per year for individuals in benefit receipt for at least 18 months, with a prorated increase paid to those in receipt for at least 12 months but less than 18 months.

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Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
80	65.15	SF2499 (Betzold); HF2953 (Murphy, M.); SF2573 (Betzold); HF2952 (Murphy, M.); SF2631 (Betzold); HF2999 (Murphy, M.), and LCPR10-038 (Murphy, M.)	DTRFA, MSRS-General, MSRS-Correctional, PERA-General, PERA-P&F, PERA-Correctional, TRA	356.47, Subd. 3	Reemployed annuitant earnings limitation deferral amount savings accounts for the applicable plans other than DTRFA will pay no interest after 1/1/2011; DTRFA will pay no interest after 6/30/2010.
81	66.13	SF2404 (Pappas); HF2951 (Murphy, E.)	SPTRFA, TRA	423A.02, Subd. 3	The requirement that reallocated amortization and supplemental amortization aid be segregated and not used to fund a benefit improvement is removed.
82	67.28	SF2404 (Pappas); HF2951 (Murphy, E.)	All pension funds except those invested by SBI	Uncoded	The State Auditor must convene a study group to review small and large plan investment authority and fiduciary provisions and make recommendations to the Legislature by 1/15/2011.
83	68.8	LCPR10-038 (Murphy, M.)	DTRFA	Uncoded	The DTRFA is authorized to revise its bylaws to conform to the newly revised law.
84	68.14	LCPR10-038 (Murphy, M.)	DTRFA	Repealer	M.S., Sec. 354.27, Subd. 1, an unnecessary DTRFA transitional post-retirement adjustment authority provision, is repealed.

### **Article 2: MSRS Administrative Provisions**

1	68.19	LCPR10-005	MSRS-General	352.01 Subd. 2a	The included employee provision is revised by expanding the seasonal employee inclusion to include all seasonal employees, rather than just Dept. of Revenue seasonal employees, and by eliminating an obsolete reference to the Metropolitan Radio Board.
2	70.5	LCPR10-005	MSRS-General	352.03, Subd. 4	The board duties, powers provision is revised by clarifying a reference to the deferred compensation plan.
3	70.22	LCPR10-005	MSRS-General	352.04 Subd. 9	Revises the erroneous deductions provision to conform with the new erroneous membership provision in Sec. 18.
4	71.16	LCPR10-005	MSRS-General	352.115, Subd. 10	The reemployed annuitant provision is revised by clarifying that if the annuity must be suspended, amounts sufficient to cover health insurance premiums deducted under Sec. 356.87 for retired public safety employees must continue, and the remaining amount, after deduction of these premiums, transfers to the reemployed annuitant's savings account created under Sec. 356.47.
5	72.15	LCPR10-005	MSRS-Correctional	352.91, New Subd. 6	Provides for the correction of plan membership errors in conformity with Sec. 18.
6	72.22	LCPR10-005	Deferred Compensation Plan	352.964, Subd. 1	The deferred compensation plan establishment provision is revised by changing the name from "Minnesota state deferred compensation plan" to "Minnesota deferred compensation plan."
7	73.32	LCPR10-005	Deferred Compensation Plan	352.965, Subd. 2	The deferred compensation plan right to participate provision is revised by specifying that the deferred amount must be specified in an agreement, rather than in a written agreement, and that the agreement is between the employee and the plan sponsor (MSRS), rather than between the employee and the employer.
8	74.9	LCPR10-005	State Patrol Retirement Plan	352B.011, Subd. 3	The State Patrol Plan allowable service provision is revised to include service for periods of authorized leave without pay, for certain service with labor organizations, and for periods of uniformed service, providing payments or contributions are made under procedures specified for the plan.
9	74.32	LCPR10-005	State Patrol Retirement Plan	New 352B.013	Specifies procedures for purchasing service credit under the leaves of absence in the State Patrol Plan, except where another procedure is specified in law for a particular leave form. The procedure is comparable to the MSRS-General procedure. Payments (contributions) made within one year must include interest at the equivalent of 8.5% annual interest. Payments made after one year are at full actuarial value.
10	75.30	LCPR10-005	State Patrol Retirement Plan	352B.02, New Subd. 3	Provides for the correction of plan membership errors in conformity with Sec. 18.
11	76.2	LCPR10-005	PERA-General	353.27, Subd. 7a	Revises the erroneous deductions provision to conform with the new erroneous membership provision in Sec. 18.
12	76.34	LCPR10-005	PERA-General	353.37, Subd. 3a	The reemployed annuitant provision is revised by clarifying that if the annuity must be suspended, amounts sufficient to

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
					cover health insurance premiums deducted under Sec. 356.87 for retired public safety employees must continue, and the remaining amount, after deduction of these premiums, transfers to the reemployed annuitant's savings account created under Sec. 356.47.
13	77.10	LCPR10-005	TRA	354.42, Subd. 7	Revises the erroneous deductions provision to conform with the new erroneous membership provision in section 18.
14	78.22	LCPR10-005	First class city teacher retirement fund associations	354A.12; New Subd. 6a	Provides for the correction of plan membership errors in conformity with Sec. 18.
15	78.29	LCPR10-005	Retirement systems, generally	356.24, Subd. 1	The supplemental plan restrictions exception provision is amended by striking language which prohibited governmental subdivisions from making contributions on behalf of volunteer firefighters to a deferred compensation plan in lieu of providing Social Security coverage.
16	81.2	LCPR10-005	Retirement systems, generally	356.50, Subd. 4	The unlawful discharge annuity repayment provision is amended by deleting statements specifying what is to occur if the annuity is not repaid.
17	81.13	LCPR10-005	Various retirement plans	New 356.99	Adds a procedure to handle the situations of erroneous plan membership and deductions between defined benefit Minnesota public retirement plans.
18	83.9	LCPR10-005	Judges Retirement Plan	490.123, New Subd. 4	Revises the erroneous deductions provision to conform with the new erroneous membership provision in Sec. 18.
19	83.20	LCPR10-005	--	Repealer	The provisions of MSRS-Correctional governing administrative corrections of membership errors and the PERA/ PERA-P&F provision penalizing employers which miscertify public employees as police officers for PERA-P&F membership are repealed.

### Article 3: Minnesota State Deferred Compensation Plan Amendments

1	83.25	SF 1180 (Betzold); HF xxxx	MSRS Deferred Compensation	352.965, Subd. 6	Requires employers to supply necessary personal and financial data to the third-party administrator on plan participants, and clarifies that the third-party administrator must comply with data privacy requirements.
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### Article 4: MSRS-Unclassified State Employees Retirement Program Amendments

1	84.22	SF 1407 (Tomassoni); HF 1358 (Mahoney)	Legislators Plan	3A.07	Permits members of the Legislators Retirement Plan to elect MSRS-Unclassified coverage or MSRS-General coverage by the later of 1/1/2011, or the end of the seventh year of legislative service.
2	85.7	SF 889 (Betzold); HF xxxx	MSRS-General	352.01, Subd. 2a	The MSRS-General included employee provision is amended to include members who transfer from MSRS-Unclassified to MSRS-General, and individuals covered by MSRS-General who have not exercised any existing right to transfer to MSRS-Unclassified.
3	86.27	SF 889 (Betzold); HF xxxx	MSRS-General	352.01, Subd. 2b	The MSRS-General excluded employee provision is amended to exclude employees who transfer to MSRS-Unclassified.
4	89.26	SF 889 (Betzold); HF xxxx	MSRS-Unclassified	352D.015, Subd. 4	The "general fund" definition in MSRS-Unclassified is revised to reference the general state employees retirement plan definition of MSRS-General, meaning the MSRS-General plan under M.S., Ch. 352.
5	89.30	Revisor's correction	MSRS-Unclassified	352D.015 New Subd. 4a	Adds an MSRS-General plan definition to the Unclassified Program.
6	90.2	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.015, Subd. 9	Redefines "value" consistent with daily asset valuations.
7	90.8	SF 1180 (Betzold); HF xxxx SF 1407 (Tomassoni); HF 1358 (Mahoney)	MSRS-Unclassified	352D.02, Subd. 1	The MSRS-Unclassified coverage provision is revised by changing the style of a cross-reference and by consolidating two separated coverage provisions into a single paragraph.
8	92.10	SF 889 (Betzold); HF xxxx	MSRS-Unclassified	352D.02, Subd. 1c	An MSRS-Unclassified transfer of contribution provision is revised by correcting the name of the MSRS-General Plan.
9	92.17	SF 889 (Betzold); HF xxxx	MSRS-Unclassified	352D.02, Subd. 2	An MSRS-Unclassified coverage-upon-employment-change provision which permits certain individuals in MSRS-Unclassified to remain in the program if the position held is deleted from coverage is revised to apply only to those in the program before 7/1/2010.

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Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
10	92.29	SF 1180 (Betzold); HF xxxx  SF 1407 (Tomassoni); HF 1358 (Mahoney)	MSRS-Unclassified	352D.02, Subd. 3	The MSRS-Unclassified provision permitting transfer from MSRS-Unclassified to MSRS-General at any time after ten years of covered service is amended by restricting this treatment to those employees hired before July 1, 2010, and by requiring post-July 1, 2010, hires to make any transfer to MSRS-General within the first seven years of service. It also permits legislators first elected before July 1, 2010, to elect a transfer to MSRS-General before January 1, 2011, or the end of the legislator's seventh year of legislative service, whichever is later.
11	94.1	SF 889 (Betzold); HF xxxx	MSRS-Unclassified	352D.03	The provision covering the treatment of assets transferred to MSRS-Unclassified reduces the interest on the transfer to 6% and the provision is clarified as to eligibility.
12	94.13	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.04, Subd. 1	An MSRS-Unclassified investment option provision is amended by permitting individuals to specify the desired investment vehicles in a manner provided by the executive director, rather than in writing on a provided form, and by eliminating references to guaranteed investment contracts.
13	95.10	Amendment related to SF 1407 (Tomassoni); HF 1358 (Mahoney)	MSRS-Unclassified	352D.04, Subd. 2	Indexes the MSRS-Unclassified member contribution rates to the MSRS-General member contribution rate.
14	95.29	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.05 Subd. 3	Amends the asset withdrawal provision to be consistent with daily rather than monthly valuation of accounts.
15	96.6	SF 889 (Betzold); HF xxxx	MSRS-Unclassified	352D.05, Subd. 4	The MSRS-Unclassified repayment of refund provision is amended by correcting the reference to MSRS-General.
16	96.19	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.06 Subd. 3	Permits an annuity to accrue the day after receipt of a valid application or the day following termination of employment, whichever is later, rather than at the start of the next full month.
17	96.29	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.065 Subd. 3	Permits disability annuities to accrue the day after receipt of a valid application or the day following termination of employment, whichever is later, rather than at the start of the next full month.
18	97.5	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.09 Subd. 3	Requires the executive director to make the investment prospective available by electronic means rather than requiring the distribution of a prospectus to each participant, and permits individuals to request hard copies.
19	97.13	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.09, Subd. 7	The MSRS-Unclassified administrative fees provision is revised by removing the cap on the fees.

### Article 5: Public Employees Retirement Association Administrative Provisions

1	97.24	LCPR10-008 (Betzold)	PERA	353.01, Subd. 2	The definition of "public employee" is revised for clarity, including indicating that it includes public officers not otherwise excluded by other plan provisions.
2	98.6	LCPR10-008 (Betzold)	PERA	353.01, Subd. 2a	The definition of "included employee" is revised for clarity, including indicating that it includes public officers not otherwise excluded by other plan provisions.
3	99.32	LCPR10-008 (Betzold)	PERA	353.01, Subd. 2b	The definition of "excluded employee" is revised by excluding city mayors from PERA-General coverage; the Hennepin Co./Hennepin Healthcare system employees clause for individuals who were on a work permit and whose employment is extended beyond three years is clarified by stating that they remain excluded if the \$450 salary threshold is not met; by stating that persons serving on boards or commissions of governmental subdivisions are excluded from membership, and by stating that independent contractor status does not apply to any individual performing a government function that by law of local ordinance is required of a public officer, including but not limited to clerk or treasurer, county auditor, county treasurer, or county recorder, emergency management director, or city manager.
4	103.18	LCPR10-008 (Betzold)	PERA	353.01, Subd. 2d	The "optional membership" definition is clarified by re-formatting the paragraph structure.
5	104.31	SF 2474 (Betzold); HF 2739 (Murphy, M.)	PERA	353.01 Subd. 16	Excludes overtime pay from the salary base used in obtaining allowable service credit for periodic repetitive leaves and from military service.
6	107.30	SF 2474 (Betzold); HF 2739 (Murphy, M.)	PERA	353.0161 Subd. 2	Excludes overtime pay from the salary base used in obtaining allowable service credit for various authorized leaves of absence.

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
7	108.17	SF 2474 (Betzold); HF 2739 (Murphy, M.)	PERA	New 353.0162	Adds a new section to PERA statutes replacing the similar service/salary credit purchase workers' compensation provision, based on that provision but differing by excluding overtime pay from the salary used to compute the contributions, and expanding the procedure to also apply to partial paid medical leave, and partial paid leaves due to a budgetary or salary savings programs offered or mandated by a governmental subdivision, with payment based on the contribution rates in the applicable PERA plan and the difference between the partial salary received during the leave or break in service and the salary, excluding overtime, received during the six-month period prior to the leave or break in service.
8	109.34	LCPR10-008 (Betzold)	PERA	353.03, Subd. 1	The board election provision is clarified by specifying that the seat for a terminated employee must be filled by a person who is a benefit recipient rather than by a deferred annuitant; and by revising board election provisions to make use of e-mail and the internet rather than being restricted to using regular mail.
9	111.24	LCPR10-008 (Betzold)	PERA	353.27, Subd. 4	The employer reporting requirements member status provision is revised by clarifying the requirements apply to all PERA plans; by specifying a 30-day time limit before interest will be changed on delinquent employee and employer contribution amounts; by specifying that salary deduction reports are due within 14 days of the pay date or a \$5 per calendar day penalty will be applied; that the salary data reports must include data on reemployed annuitants and any reemployed disabilitants; by creating a \$25 fine for failure to report membership data; and by authorizing PERA to review employer payroll records. If the employer fails to provide the requested payroll records, the employer is responsible to pay any PERA field audit expenses, including staff salaries, administrative expenses, and travel expenses.
10	113.13	LCPR10-008 (Betzold)	PERA	353.27, Subd. 7	The adjustments for erroneous receipts provision is revised by removing authority to have the employer pay any employee refund and interest to the employee with the employer being compensated by a credit against future contributions; instead, the pension fund will pay the refund.
11	115.17	LCPR10-008 (Betzold)	PERA	353.27, Subd. 10	The exclusion report provision (an annual report from employers listing individuals occupying positions normally covered by PERA who for various reasons are not covered by the plan), is revised by creating a \$25 fine for employer failure to provide the report.
12	116.2	LCPR10-008 (Betzold)	PERA	353.371, Subd. 4	The Post Retirement Option Program duration provision is revised by permitting renewals after the person attains Social Security normal retirement age and by permitting up to four renewals.
13	116.12	LCPR10-008 (Betzold)	Public Employees Defined Contribution Plan	353D.01, Subd. 2	The Public Employees Defined Contribution Plan eligibility provision is revised by extending eligibility to elected county sheriffs who are receiving PERA-P&F annuities and to persons serving on boards and commissions of governmental subdivisions.
14	117.28	LCPR10-008 (Betzold)	Public Employees Defined Contribution Plan	353D.03, Subd. 1	The Public Employees Defined Contribution Plan local government official contribution provision is revised to make the provision also apply to other classes who elect this coverage, including public physicians and persons serving on boards and commissions of governmental subdivisions.
15	118.5	LCPR10-008 (Betzold)	Public Employees Defined Contribution Plan	353D.04, Subd. 1	The Public Employees Defined Contribution Plan account crediting provision is revised for clarity.
16	118.16	LCPR10-008 (Betzold)	Public Employees Defined Contribution Plan	353D.04, Subd. 2	The Public Employees Defined Contribution Plan authority to adopt policy provision is revised by revising a head note.
17	118.21	LCPR10-008 (Betzold)	PERA Privatizations	353F.02, Subd. 4	The privatized employee chapter medical facility inclusion provision is revised by adding three facilities to the list: the Chris Jenson Health and Rehabilitation Center in St. Louis County, the Douglas County Hospital Mental Health Unit, and Wheaton Community Hospital.
18	119.15	LCPR10-008 (Betzold)	PERA Privatizations	353F.025, Subd. 1	The privatized employee chapter eligibility determination procedure is revised by adding a definition of net loss.

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Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
19	120.7	LCPR10-008 (Betzold)	PERA Privatizations	353F.025, Subd. 2	The privatized employee chapter recommendation to Legislature provision is revised by clarifying that recommendations to add privatized entities to plan coverage can be made as part of the PERA administrative bill; and by permitting inclusion of entities that are expected to create and actuarial loss to PERA if the employer agrees to provide a lump sum payment, with interest, to PERA sufficient to eliminate the computed net loss.
20	121.6	LCPR10-008 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 2	The appeals procedure right to review provision is amended by stating that determinations are made by the plan's chief administrative officer rather than the plan "administration."
21	121.12	LCPR10-008 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 3	The appeals procedure notice of determination provision is amended by requiring a statement of all materials the person wants the board to review to be filed with the board 15 days rather than 30 days before the hearing date, and by removing a requirement that the individual must be supplied with a copy of this section of law.
22	121.31	LCPR10-008 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 5	The appeals procedure petition for review provision is amended by replacing the term "executive director" with "chief administrative officer."
23	122.16	LCPR10-008 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 7	The appeals procedure notice of hearing provision is amended by removing any time requirements for scheduling review of a petition; by requiring that the chief administrative officer mail an acknowledgement of the person's petition 30 days, rather than 15 days, before the hearing date; by requiring all materials the petitioner wishes the board to review be submitted at least 15 days, rather than 30 days before the hearing; and by permitting the chief administrative officer to reschedule a hearing review within "a reasonable time," rather than within 60 days.
24	123.6	LCPR10-008 (Betzold)	MSRS, PERA, TRA	356.96, Subd. 8	The appeals procedure record of review provision is amended by revising the provision for clarity; and by allowing the applicable board to permit any additional document or information the petitioner requests at any time, with the consent of the board, rather than at least five days before the hearing.
25	123.22	LCPR10-008 (Betzold)	City of Duluth, Duluth Airport Authority	Laws 2009, Ch. 169, Art. 4, Sec. 49	A provision specifying a procedure to correct erroneous employee deductions and employer contributions and to adjust benefit overpayments applicable to the City of Duluth and the Duluth Airport Authority, is revised by requiring any refund of excess employee contributions to active employees to be paid by the retirement plan fund rather than having that money transmitted to the employer who would then refund the amount to the employee; and by making this section of law also apply to the City of Virginia. Local approval is required.
26	125.19	Revisor's correction	City of Virginia local approval	Laws 2009, Ch. 169, Art. 4, Sec. 49	Previous section is effective for the City of Virginia upon local approval.
27	126.2	LCPR10-008 (Betzold)	PERA	Laws 2009, Ch. 169, Art. 5, Sec. 2	The effective date which required the Postretirement Option Program to sunset on June 30, 2011, is revised by extending the program to June 30, 2014.
28	126.8	LCPR10-008 (Betzold)	--	Repealer	M.S., Sec. 353.46, Subd. 1a, a PERA purchase of allowable service savings clause applicable to individuals who purchased service credit which included the date 6/30/1957, and Sec. 353D.03, Subd. 2, a Public Employees Defined Contribution Plan public physician contribution rate provision that is moved to another provision, are repealed effective the day after final enactment. Sec. 353D.12, a Public Employees Defined Contribution Plan provision permitting elected officials to make prior contribution for elected service that occurred before 6/30/1991, is repealed effective 7/1/2011.

### Article 6: Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan

1	126.17	LCPR09-080	Local Volunteer Firefighter Relief Associations	69.051, Subd. 3	Clarifies that the current provision requiring municipalities without local volunteer firefighter relief associations to file annual financial reports with the State Auditor on receipts and disbursements of fire state aid does not apply to municipalities that participate in the voluntary statewide volunteer firefighter retirement plan and comply with its governing law, and adds an exemption from the reporting requirement for municipalities participating in the voluntary statewide firefighter plan which comply with the reporting and funding requirements of M.S., Ch. 353G.
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## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
2	127.10	LCPR09-080	PERA Statewide Volunteer Fire Plan	353G.05, Subd. 2	Specifies that a service pension level to be initially costed out by PERA for defined contribution volunteer firefighter relief associations contemplating a retirement plan coverage change as that service pension amount of the 16 available levels that is closest to an amount equal to 95% of the current account balance of the relief association member.
3	128.34	LCPR09-080	PERA Statewide Volunteer Fire Plan	353G.06, Subd. 1	Eliminates a special pre-statewide plan joining additional municipal contribution based on any decline in the asset value of the volunteer firefighter relief association special fund.
4	129.17	LCPR09-080	PERA Statewide Volunteer Fire Plan	353G.08	Divides the current provision into three subdivisions, with the current Subd. 1 containing the current annual municipal funding requirement provision, with Subd. 2 containing a special municipal contribution requirement triggered if a statewide plan account is in danger of a service pension benefit default, and with Subd. 3 containing the current authorized disbursements provision augmented with specific authorization for disability insurance premium payments.
5	131.32	LCPR09-080	PERA Statewide Volunteer Fire Plan	353G.09, Subd. 3	Adds to the alternative service pension amount applicable to retiring voluntary statewide lump-sum volunteer firefighter retirement plan members during their initial five years of coverage by the statewide plan a specific alternative service pension amount for members of former defined contribution plan volunteer firefighter relief associations equal to the retiring member's account balance as of first coverage by the statewide plan plus 6% annual compound interest from that date until retirement.
6	132.28	LCPR09-081	PERA Statewide Volunteer Fire Plan	353G.11 Subd. 1	Adds five net new service pension levels.
7	133.18	LCPR09-081	PERA Statewide Volunteer Fire Plan	353G.11 New Subd. 1a	Grandparents the eliminated \$750 service pension level for any municipality or fire department that selected that service pension level for January 1, 2010.
8	133.27	LCPR09-080	PERA Statewide Volunteer Fire Plan	New 353G.115	Authorizes as disability coverage through casualty insurance coverage arranged with a licensed insurance company, with the portion of the cost of disability insurance premiums attributable to the fire department as an addition to the financial requirement for statewide plan coverage.
9	134.4	LCPR09-080	PERA Statewide Volunteer Fire Plan	424A.08	Clarifies that the provision specifying the authorized disbursements of fire state aid by municipalities which do not have volunteer firefighter relief associations does not apply to municipalities without volunteer firefighter relief associations and with voluntary statewide lump-sum volunteer firefighter retirement plan, and provides that any fire state aid that may be received by a municipality without a volunteer firefighter relief association but with statewide plan coverage must be transmitted to the statewide fund.

### Article 7: Teachers Retirement Association Service Credit Procedure Revisions

1	135.4	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.05, New Subd. 4I	Adds a definition of "annual base salary," set at the lowest BA level full-time teacher base contract salary amount.
2	135.23	Commission amendment	TRA	354.07 Subd. 5	Eliminates an obsolete cross-reference to the former TRA Variable Annuity Program.
3	136.3	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.091	The TRA K-12 teacher service credit is modified to be a function of the teacher's salary relative to a base salary in the district rather than being based on hours of service, with service credit computed monthly by dividing the teacher's monthly salary by the monthly base salary for the applicable employing unit by multiplying the result by 11.1%, and with the result capped at 11.1%, so that a teacher may not earn more than 11.1% of one full year's service credit in a month. Annual service credit is calculated by adding the monthly service credit amounts for the months in the applicable fiscal year and a teacher may not earn more than one year of service credit in a fiscal year. Effective for teaching service performed after 6/30/2012.
4	137.29	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.52, New Subd. 4b	Adds to the employer payroll cycle reporting requirements to eliminate the reporting of service credit and to require the reporting of reemployed annuitant salary amounts.
5	138.16	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.52, New Subd. 4d	Requires employers to report annually, for each active member, the annual school district lowest full-time BA level base salary amount and beginning and ending dates for the regular school work year.



## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary								
6	138.23	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.52, Subd. 6	Includes annual base salary reporting in the noncompliance fine provision and sets the fine timeframe date.								
7	138.31	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	356.66, Subd. 3	Resets the definitions of part-time teacher on a percentage of full-time service credit rather than a minimum number of teaching days to conform to the new service crediting provision.								
<b>Article 8: MnSCU-IRAP Administrative Provisions</b>													
1	139.18	Amendment related to LCPR10-003 (Betzold)	State Board of Investment	11A.04	Permits the SBI to contract with MnSCU board for investment selection and review services.								
2	141.1	Amendment related to LCPR10-003 (Betzold)	MnSCU IRAP	354B.25 Subd. 1	Permits the MnSCU board to contract out for investment selection and review services.								
3	141.9	LCPR10-003 (Betzold)	MnSCU IRAP	354B.25 Subd. 3	Authorizes MnSCU to contract out for investment selection and review services with other providers of those services.								
4	142.4	LCPR10-003 (Betzold)	MnSCU Higher Educ. Supple-mental Plan	354C.14	Permits the MnSCU board to contract out for investment selection and review services.								
5	142.16	LCPR10-003 (Betzold)	MnSCU Higher Educ. Supple-mental Plan	Repealer	Repeals M.S., Sec. 354C.15, a provision authorizing the MnSCU board to redeem State Board of Investment Supplemental Investment Fund shares held by plan members who want to redirect their assets to other investments.								
<b>Article 9: Actuarial Valuation Reporting Deadline Dates</b>													
1	142.21	LCPR09-071 (Betzold)	Retirement, Generally	356.215, Subd. 3	Imposes December 31 deadline date for actuarial valuations and extends experience study deadline to June 30.								
<b>Article 10: Early Retirement Incentive Modifications</b>													
1	143.13	SF 1417 (Pogemiller); HF 1327 (Murphy, M.)	Various retirement plans	356.351, Subd. 1	Amends eligibility specifications to extend the program from 7/15/2009 to 10/1/2012.								
2	144.5	SF 1417 (Pogemiller); HF 1327 (Murphy, M.)	Various retirement plans	356.351, Subd. 2	Amends incentive amount from \$17,000 to the total of the maximum state regular unemployment compensation and employer-paid medical, dental, and life insurance premiums payable to the incentive recipient in the event of a layoff.								
<b>Article 11: Optional Annuity Revocation Following Certain Marriage Dissolutions</b>													
1	145.21	SF xxxx; HF 814 (Urdahl)	Various retirement plans	New 356.48	Permits bounce-back to the full annuity amount of optional annuity if marriage dissolution with court-ordered revocation.								
2	147.1	SF xxxx; HF 814 (Urdahl)	Various retirement plans	518.58, Subd. 3	Eliminates requirement of a division of only liquid marital property when pension benefits are marital assets from pending proceeding sale or distribution provision.								
3	147.17	SF xxxx; HF 814 (Urdahl)	Various retirement plans	518.58, Subd. 4	Adds requirement of a division of only liquid marital property when pension benefits are marital assets to pension plan marital property division provision.								
<b>Article 12: Administrative Consolidation of MERF into PERA</b>													
1	148.22	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.01, Subd. 2a	Provides that the members of the former MERF on 6/29/2010, are members of the MERF division of PERA.								
2	149.24	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.01, Subd. 2b	Revises the former MERF-covered employee exclusion from PERA to apply to the MERF division.								
3	152.29	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.01, New Subd. 47	Defines "MERF division" as the separate retirement plan within PERA-General.								
4	153.1	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.01, New Subd. 48	Defines "MERF division account" as the special account within PERA-General retaining the assets and liabilities of the former MERF.								
5	153.8	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.05	Expands the PERA fund custodian provision to cover the MERF division account also.								
6	153.22	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.06	Expands the PERA/SBI retirement funds investment provision to include the MERF division account also.								
7	154.3	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.27	<table border="0"> <tr> <td style="text-align: right;"><u>Subd</u></td> <td style="text-align: left;"><u>Provision</u></td> </tr> <tr> <td>1.</td> <td>Includes the MERF division account in the general employees retirement fund provision.</td> </tr> <tr> <td>1a.</td> <td>Establishes the MERF division account within the general employees retirement fund and provides for its revenues and disbursements.</td> </tr> <tr> <td>2.</td> <td>Clarifies that the current member contribution provision is the PERA-General member contribution rate provision.</td> </tr> </table>	<u>Subd</u>	<u>Provision</u>	1.	Includes the MERF division account in the general employees retirement fund provision.	1a.	Establishes the MERF division account within the general employees retirement fund and provides for its revenues and disbursements.	2.	Clarifies that the current member contribution provision is the PERA-General member contribution rate provision.
<u>Subd</u>	<u>Provision</u>												
1.	Includes the MERF division account in the general employees retirement fund provision.												
1a.	Establishes the MERF division account within the general employees retirement fund and provides for its revenues and disbursements.												
2.	Clarifies that the current member contribution provision is the PERA-General member contribution rate provision.												

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
					<p>3. Clarifies that the current employer contribution provision is the PERA-General employer contribution rate provision.</p> <p>3a. Clarifies the application of the current additional employee contribution provision to PERA-General.</p> <p>3b. Clarifies the application of the PERA board member and employer contribution rate change authority to PERA-General and excludes the MERF division actuarial results from the contribution change trigger.</p> <p>4. Clarifies that the employer reporting requirements provision applies to PERA-General and PERA-P&amp;F.</p> <p>7. Clarifies that the erroneous receipts or disbursements provision applies to PERA-General and PERA-P&amp;F.</p> <p>7a. Clarifies that the erroneous deductions transmission provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>7b. Provides that the recovery of overpayments provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>9. Clarifies that the current fee officers provision applies to PERA-General.</p> <p>10. Clarifies that the current employer exclusion report provision applies to PERA-General.</p> <p>11. Specifies that the current payroll data request response provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>12. Clarifies that the current omitted salary deduction collection provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>12a. Specifies that the current terminated employee omitted deduction provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>12b. Clarifies that the retiring member omitted deduction provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>13. Specifies that the current canceled warrants provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p> <p>14. Clarifies that the uncovered pre-membership service credit acquisition provision applies to PERA-General, PERA-P&amp;F, and PERA-Correctional.</p>
8	166.3	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.34, Subd. 1	Clarifies that the terminated employee refund provision applies to the MERF division.
9	166.19	SF2644 (Betzold); HF2922 (Thissen)	PERA-General	353.34, Subd. 6	Clarifies that the current donation, buyout, and gift provision applies to PERA-General.
10	166.23	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.37, Subd. 1	Clarifies that the current reemployed annuitant salary limit provision applies to PERA-General, PERA-P&F, and PERA-Correctional and does not apply to the MERF division.
11	167.9	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.37, Subd. 2	Makes conforming clarifications in the current annuity suspension for certain reemployed annuitant provision consistent with Sec. 26.
12	167.20	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.37, Subd. 3	Makes conforming clarifications in the current annuity reduction for certain reemployed annuitant provision consistent with Sec. 26.
13	167.27	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.37, Subd. 4	Makes conforming clarifications in the current annuity resumption for certain reemployed annuitant provision consistent with Sec. 26.
14	168.1	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.37, Subd. 5	Makes conforming clarifications in the current reemployed annuitant annuity effect provision consistent with Sec. 26.
15	168.9	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.46, Subd. 2	Specifies that the current deferred annuitant annuity entitlement applies to PERA-General, the MERF division, PERA-P&F, and PERA-Correctional.
16	168.19	SF2644 (Betzold); HF2922 (Thissen)	PERA-General	353.46, Subd. 6	Reformulates the current benefit computation provision for former consolidated MERF Coordinated Program to accommodate the creation of a MERF division in PERA.
17	169.21	SF2644 (Betzold); HF2922 (Thissen)	MERF Division of PERA	New 353.50	<p><u>Subd. 1</u> provides that the MERF division and MERF division consolidation account are administered by PERA.</p> <p><u>Subd. 2-6</u> transfer the current MERF membership, liabilities and service credit, records, and asset legal title to the MERF division.</p> <p><u>Subd. 7, Para. (a)-(e)</u>, specify the member and employer</p>

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
					contributions to MERF division, broadly replicating the current M.S., Sec. 422A.10 and 422A.101, rates and requirements. Requires the use of the recently recommended MERF mortality table change for the initial post-June 30-2010, employer contribution determination. <u>Subd.7, Para. (f)</u> , establishes a minimum annual employer contribution based on the cash flow needs of the MERF division account. <u>Subd.8</u> provides for an eventual full consolidation of the MERF division or account into PERA-General when the MERF division is fully funded.
18	174.9	SF2644 (Betzold); HF2922 (Thissen)	PERA-P&F	353.64, Subd. 7	Eliminates outdated retirement coverage exemption for Metropolitan Airports Commission police and firefighters.
19	174.25	SF2644 (Betzold); HF2922 (Thissen)	Actuarial Reporting Interest and Salary Assumptions	356.215, Subd. 8	Eliminates references to MERF and sets MERF division economic actuarial assumptions.
20	179.6	SF2644 (Betzold); HF2922 (Thissen)	Actuarial Reporting Periods & Contributions	356.215, Subd. 11	Eliminates references to MERF and implements a 2031 amortization date for the MERF division.
21	181.31	SF2644 (Betzold); HF2922 (Thissen)	MERF Division of PERA	422A.101, Subd. 3	Redirects the current state contribution to MERF to the MERF division and provides for an increase in the MERF division state contribution by \$27.5 million after 12/31/2010, payable to 2031.
22	182.32	SF2644 (Betzold); HF2922 (Thissen)	PERA-General	422A.26	Updates the provision requiring PERA-General membership for City of Minneapolis, Special School Dist. No. 1, and Metropolitan Airports Commission employees first hired after 1979.
23	183.13	SF2644 (Betzold); HF2922 (Thissen)	MERF Division	Uncoded	Provides for a review of the July 1, 2010, actuarial valuation actuarial assumptions for the new MERF division by the current MERF consulting actuary and the forwarding of any recommendations to the Legislative Commission on Pensions and Retirement for consideration along with those of the PERA consulting actuary.
24	183.26	SF2644 (Betzold); HF2922 (Thissen)	MERF Association	Uncoded	Indicates that the MERF Association can continue in operation following the administrative consolidation, but does not entitle the MERF Association to any tax-derived revenue and does not obligate PERA to extend any special privileges to the MERF Association.
25	184.4	SF2644 (Betzold); HF2922 (Thissen)	MERF	Uncoded	Transfers two existing MERF employees to the City of Minneapolis and transfers one existing MERF employee to PERA unless the employees elect to take a severance payment.
26	185.8	SF2644 (Betzold); HF2922 (Thissen)	--	Revisor Note	Instructs the Revisor of Statutes to renumber the remaining MERF provisions (M.S., Sec. 422A.101, Subd. 3, and 422A.26) in the PERA chapter.
27	185.14	SF2644 (Betzold); HF2922 (Thissen)	--	Repealer	Repeals the bulk of the current MERF chapter and a few MERF-specific provisions in other statute chapters.
28	185.26	SF2644 (Betzold); HF2922 (Thissen)	--	Effective Date	Provides that the article is effective on June 30, 2010.

### **Article 13: Conforming Changes Related to the MERF Administrative Consolidation**

1	185.31	SF2644 (Betzold); HF2922 (Thissen)	Local Government Auditing	6.67	Eliminates statutory citation to MERF law from requirement for public accountants to report misconduct.
2	186.11	SF2644 (Betzold); HF2922 (Thissen)	State Board of Investment	11A.23, Subd. 4	Revise a reference to PERA-General.
3	186.25	SF2644 (Betzold); HF2922 (Thissen)	Open Meeting Law	13D.01, Subd. 1	Eliminates statutory citation to MERF law from open meeting requirement.
4	187.18	SF2644 (Betzold); HF2922 (Thissen)	Political Subdivision Compensation Limit	43A.17, Subd. 9	Eliminates statutory cross-references to MERF law from an exemption from a compensation limit.
5	188.32	SF2644 (Betzold); HF2922 (Thissen)	Public Employees Insurance Program	43A.316, Subd. 8	Eliminates statutory citation to MERF law from continuation of insurance coverage provision.
6	189.27	SF2644 (Betzold); HF2922 (Thissen)	Police State Aid	69.011, Subd. 1	Eliminates statutory citation to MERF and to MERF law from Metropolitan Airports Commission eligibility for police state aid.
7	191.28	SF2644 (Betzold); HF2922 (Thissen)	Police State Aid	69.021, Subd. 10	Eliminates obsolete references to MERF employer contributions for certain Metropolitan Airports Commission police officers and corrects reference to Rosemount, Minnesota.

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8	194.32	SF2644 (Betzold); HF2922 (Thissen)	Police State Aid	69.031, Subd. 5	Eliminates obsolete references to MERF employer contributions for certain Metropolitan Airports Commission police officers.
9	197.1	SF2644 (Betzold); HF2922 (Thissen)	School District Tax Levies for Benefits	126C.41, Subd. 3	Replaces references to MERF employer contributions with references to PERA-General employer for the additional Minneapolis contributions required with respect to MERF under M.S., Sec. 422A.101, Subd. 3.
10	197.31	SF2644 (Betzold); HF2922 (Thissen)	Certain Hennepin Co. General Assistance Employees	256D.21	Replaces MERF retirement coverage references with PERA-General retirement coverage references for former Minneapolis General Assistance employees transferred to Hennepin County in 1973.
11	198.24	SF2644 (Betzold); HF2922 (Thissen)	MSRS-General Membership Exclusions	352.01, Subd. 2b	Clarifies reference to the former MERF for non-teaching MnSCU employees who elected coverage other than MSRS-General.
12	201.20	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.03, Subd. 1	Revise a reference to PERA-General.
13	203.3	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.71, Subd. 4	Updates potential reduction of current MERF state aid to reflect MERF consolidation with PERA-General.
14	203.8	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.86, Subd. 1	Revise a reference to PERA-General.
15	203.19	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.86, Subd. 2	Revise a reference to PERA-General.
16	203.27	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.87, Subd. 1	Revise a reference to PERA-General.
17	204.4	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.87, Subd. 2	Revise a reference to PERA-General.
18	204.11	SF2644 (Betzold); HF2922 (Thissen)	PERA	353.88	Revise a reference to PERA-General.
19	204.31	SF2644 (Betzold); HF2922 (Thissen)	TRA	354.71	Updates a provision potentially redirecting some MERF aid to TRA by updating MERF references.
20	205.13	SF2644 (Betzold); HF2922 (Thissen)	First Class City Teacher Retirement Plan Membership	354A.011, Subd. 27	Eliminates obsolete reference to 1955 MERF membership retention.
21	206.17	SF2644 (Betzold); HF2922 (Thissen)	First Class City Teacher Retirement Plan Portability	354A.39	Eliminates MERF reference from service in more than one fund portability provision.
22	207.4	SF2644 (Betzold); HF2922 (Thissen)	Social Security coverage	355.095, Subd. 1	Clarifies that former MERF members are PERA-General members for benefit coverage and not for Social Security coverage, maintaining their Basic Program status.
23	207.19	SF2644 (Betzold); HF2922 (Thissen)	Annual Retirement Plan Financial Reporting	356.20, Subd. 2	Eliminates a reference to MERF.
24	208.12	SF2644 (Betzold); HF2922 (Thissen)	Retirement Plan Consulting Actuary Selection	356.214, Subd. 1	Eliminates a reference to MERF and corrects statutory cross-references.
25	209.34	SF2644 (Betzold); HF2922 (Thissen)	Combined Service Annuity Portability	356.30, Subd. 3	Eliminates references to MERF.
26	210.23	SF2644 (Betzold); HF2922 (Thissen)	Combined Service Disability Portability	356.302, Subd. 1	Corrects statutory references related to MERF.
27	211.13	SF2644 (Betzold); HF2922 (Thissen)	Combined Service Disability Portability	356.302, Subd. 7	Eliminates a reference to MERF.
28	212.1	SF2644 (Betzold); HF2922 (Thissen)	Combined Service Portability	356.303, Subd. 4	Eliminates a reference to MERF.
29	212.26	SF2644 (Betzold); HF2922 (Thissen)	Age 65 Proportionate Annuity	356.32, Subd. 2	Eliminates a reference to MERF.
30	213.12	SF2644 (Betzold); HF2922 (Thissen)	Exemption From Process	356.401, Subd. 3	Eliminates a reference to MERF and to the Minneapolis Teachers Retirement Fund Association.
31	214.11	SF2644 (Betzold); HF2922 (Thissen)	Survivor Benefit Restoration	356.407, Subd. 2	Eliminates a reference to MERF.
32	214.24	SF2644 (Betzold); HF2922 (Thissen)	Statewide Retirement Plans	356.415, Subd. 2	Includes the MERF division of PERA in annual automatic 2.5% post-retirement adjustments.

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
33	215.10	SF2644 (Betzold); HF2922 (Thissen)	Post-Retirement Adjustment Conversion	356.431, Subd. 1	Corrects statutory cross-references related to MERF.
34	215.18	SF2644 (Betzold); HF2922 (Thissen)	Supplemental Needs Trust Optional Annuity	356.465, Subd. 3	Eliminates a reference to MERF.
35	216.12	SF2644 (Betzold); HF2922 (Thissen)	Real Estate Investments	356.64	Eliminates an exception related to MERF.
36	216.22	SF2644 (Betzold); HF2922 (Thissen)	Abandoned Pension Property	356.65, Subd. 2	Eliminates a statutory cross-reference related to MERF.
37	217.1	SF2644 (Betzold); HF2922 (Thissen)	Retired Member Union Dues Deduction	356.91	Eliminates a reference to MERF.
38	217.19	SF2644 (Betzold); HF2922 (Thissen)	Statewide Plan Appeals Process	356.96, Subd. 1	Eliminates a statutory cross-reference related to MERF.
39	218.3	SF2644 (Betzold); HF2922 (Thissen)	Metro Sewer Employees	473.511, Subd. 3	Eliminates reference to MERF from 1994 membership election option.
40	219.9	SF2644 (Betzold); HF2922 (Thissen)	Metropolitan Airports Commission	473.606, Subd. 5	Eliminates obsolete mandatory retirement law provision that included MERF reference.
41	219.26	SF2644 (Betzold); HF2922 (Thissen)	Municipal Pension Debt Bonding	475.52, Subd. 6	Eliminates statutory cross-reference to MERF.
42	220.5	SF2644 (Betzold); HF2922 (Thissen)	Transfer of District Court Employees	480.181, Subd. 2	Eliminates references to MERF.
43	221.6	SF2644 (Betzold); HF2922 (Thissen)	--	Effective Date	Effective June 30, 2010.

### **Article 14: Volunteer Firefighter Relief Association Modifications**

1	221.10	SF2918 (Betzold); HF3281 (Murphy, M.)	Lump Sum VFRAs	69.772, Subd. 6	Makes municipal ratification of lump sum benefit increase requirement consistent with M.S., Sec. 424A.02, Subd. 10.
2	222.12	SF2918 (Betzold); HF3281 (Murphy, M.)	Monthly Benefit VFRAs	69.773, Subd. 6	Makes municipal ratification of monthly benefit benefit increase requirement consistent with M.S., Sec. 424A.02, Subd. 10.
3	223.10	SF2918 (Betzold); HF3281 (Murphy, M.)	Various retirement plans	356A.06, Subd. 8	Clarifies general application of the minimum liquidity need investment requirement of the public pension plan fiduciary responsibility law.
4	223.19	SF2918 (Betzold); HF3281 (Murphy, M.)	VFRAs	424A.01, Subd. 1	Removes unnecessary provision that was moved to M.S., Ch. 420, in 2009.
5	224.1	SF2918 (Betzold); HF3281 (Murphy, M.)	VFRAs	424A.01, Subd. 6	Breaks the return to firefighting service membership provision into paragraphs, exempts from the membership resumption requirements any return from service break under state or federal law, clarifies leave of absence and break-in-service length qualifier, and permits monthly benefit retirees to receive a service pension after a return to service.
6	226.9	SF2918 (Betzold); HF3281 (Murphy, M.)	All VFRAs	424A.015	Permits the transfer of lump sum service pension amounts to the Minnesota Deferred Compensation Plan.
7	226.21	SF2918 (Betzold); HF3281 (Murphy, M.)	Defined Contribution VFRAs	424A.016, Subd. 4	Clarifies that the defined contribution volunteer firefighter relief associations may credit investment performance to inactive member accounts.
8	227.33	SF2918 (Betzold); HF3281 (Murphy, M.)	Defined Contribution VFRAs	424A.016, Subd. 7	Clarifies that the ancillary benefit level limit is the vested and non-vested account amounts, moves the payment priority provisions previously contained in M.S., Sec. 424A.05, Subd. 3, Para. (a), Clause (3), to the ancillary benefit limitation provision, clarifies when designated beneficiaries may receive a survivor benefit, and permits surviving spouses to waive all or part of survivor benefits in favor of a designated beneficiary if there is no surviving child.
9	228.26	SF2918 (Betzold); HF3281 (Murphy, M.)	Defined Benefit VFRAs	424A.02, Subd. 9	Moves the payment priority provisions previously contained in M.S., Sec. 424A.05, Subd. 3, Para. (a), Clause (3), to the ancillary benefit limitation provision, clarifies when designated beneficiaries may receive a survivor benefit, permits surviving spouse to waive all or part of survivor benefits in favor of a designated beneficiary if there is no surviving child, and permits monthly benefit volunteer firefighter relief associations to limit the amount of the survivor benefit amount payable to a designated beneficiary.

## Section-by-Section Summary of H.F. 3281, 1<sup>st</sup> Engrossment

Sec.	Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
10	230.22	SF2918 (Betzold); HF3281 (Murphy, M.)	Defined Benefit VFRAs	424A.02, Subd. 10	Makes municipal ratification of defined benefit relief association benefit increase requirement consistent with M.S., Sec. 69.772, Subd. 6, and 69.773, Subd. 6.
11	231.34	SF2918 (Betzold); HF3281 (Murphy, M.)	VFRAs, generally	424A.05, Subd. 3	Permits transfers of lump sum pension amounts to the Minnesota Deferred Compensation Plan in the authorized disbursements of the volunteer firefighter relief association special fund, clarifies that the 1988 purchase of insurance carrier annuity authority and 1993 transfer to individual retirement account authority are authorized special fund disbursements, and removes the survivor benefit payment priority provisions moved to other sections (Sec. 8-9).
12	233.2	SF2918 (Betzold); HF3281 (Murphy, M.)	VFRAs, generally	424A.05, New Subd. 3b	Permits the State Auditor to order the correction of erroneous special fund deposits if made in good faith and if consistent with state and federal law.
13	233.13	SF2918 (Betzold); HF3281 (Murphy, M.)	--	Repealer	Repeals the definition of surviving spouse in favor of its commonly understood definition and repeals a 2009 change in a repealed section to eliminate a Revisor's note.

### Article 15: One Person/Small Group Pension Issues

1	233.21	LCPR09-070 (Atkins)	PERA-General	Uncoded	Authorizes certain ISD #199 (Inver Grove Heights) employees to make full actuarial value service3 credit purchase in PERA-General with school district mandated financial participation.
2	235.8	House Gov Ops Amendment LCPR10-8A	TRA, MnSCU IRAP	Uncoded	Permits a certain IRAP member whose position was upgraded to transfer coverage to TRA retroactive to 9/2007. Requires full actuarial value payment.

### Article 16: Miscellaneous Provisions

1	236.16	Commission amendment LCPR10-039-1A	Retirement, generally	356.24, Subd. 1	Adds specific reference to Hennepin County Medical Center retirement plans in exclusions to general prohibition on creation of new governmental retirement plans.
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