



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director
RE: 2010 Omnibus Retirement Bill as of October 14, 2009
DATE: October 15, 2009

Introduction

Delete-everything amendment LCPR09-09A contains the contents of the 2010 Omnibus Retirement Bill as recommended by the Legislative Commission on Pensions and Retirement through October 14, 2009.

Source Legislation for the 2010 Omnibus Retirement Bill through October 14, 2009

Delete-everything amendment LCPR09-09A includes all or portions of the following retirement bills:

1. S.F. 578 (Betzold); H.F. 1123 (Murphy, M.): Various retirement plans; Administrative and benefit-related provisions.
2. S.F. 1180 (Betzold); H.F. 1774 (Nelson): MSRS; Minnesota Deferred Compensation Program and Unclassified State Employees Retirement Program amendments.
3. S.F. 1417 (Pogemiller); H.F. 13247 (Murphy, M.): Various retirement plans, extending and modifying an early retirement incentive program.
4. S.F. xxxx; H.F. 814 (Urdahl): Various retirement plans; Permitting court-ordered optional annuity revocation in certain marriage dissolutions.

General Summary of Delete-Everything Amendment LCPR09-09A

Article 1: 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 2: 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. 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 3: 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, 2010.

Article 4: 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 5: 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.

Section-by-Section Summary of Delete-Everything Amendment LCPR09-09A

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Sec.	Pg.Ln – Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
Article 1: Minnesota State Deferred Compensation Plan Amendments					
1	1.7-1.31	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.
Article 2: MSRS-Unclassified State Employees Retirement Program Amendments					
1	2.4-2.10	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.015, Subd. 9	Redefines “value” consistent with daily asset valuations.
2	2.11-3.7	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.04, Subd. 1	Clarifies the provision consistent with the change from monthly to daily pricing and permits changes in the funds used to invest an account to be made electronically rather than in writing.
3	3.8-3.17	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.
4	3.18-3.27	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.
5	3.28-4.3	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.
6	4.4-4.11	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.
7	4.12-4.19	SF 1180 (Betzold); HF xxxx	MSRS-Unclassified	352D.09 Subd. 7	The cap on administrative fees is removed.
Article 3: Teachers Retirement Association Service Credit Procedure Revisions					
1	4.23-5.8	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA	354.05, New Subd. 4l	Adds a definition of “annual base salary,” set at the lowest BA level full-time teacher base contract salary amount.
2	5.9-6.34	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. The changes are effective for teaching service performed after June 30, 2010.
3	6.35-7.21	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.
4	7.22-7.28	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.
5	7.29-8.4	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.

Summary of Delete-Everything Amendment LCPR09-09A

Sec.	Pg.Ln – Pg.Ln	Source Bill(s)	Retirement Plan	Stat. Provision	Summary
6	8.5-8.20	SF 578 (Betzold); HF 1123 (Murphy, M.)	TRA		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.
Article 4: Early Retirement Incentive Modifications					
1	8.23-9.13	SF 1417 (Pogemiller); HF 1327 (Murphy, M.)	Various retirement plans	356.351, Subd. 1	Amends eligibility specifications to extend the program from July 15, 2009, to October 1, 2012
2	9.14-10.24	SF 1417 (Pogemiller); HF 1 327 (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.
Article 5: Optional Annuity Revocation Following Certain Marriage Dissolutions					
1	10.28-12.3	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	12.4-12.19	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	12.20-13.22	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.

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