

**2021 Omnibus Pension and Retirement Bill:  
SF1712-Rosen/Nelson, M., 2nd Engrossment,  
as passed by the Senate**

**Section-by-Section Summary**

**Article 1: Minnesota State Retirement System (MSRS) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	2.7	SF2405-Rosen, HF2514-O'Driscoll Commission Amend. S2405-2A	352D.06, Subd. 1	MSRS Unclassified	Extends, until June 30, 2022, the application of pre-2017 factors used in converting a lump sum to an annuity under the Unclassified Plan for employees of the legislature.
2	3.1	SF1452-Frentz, HF1291-Murphy	356.415, Subd. 1f	MSRS Judges Plan	Reduces the Judges Plan postretirement adjustment (COLA) from 1.75% per year to 1.5% per year and removes the automatic triggers that would increase the Judges Plan COLA when the plan becomes 70% funded and again when the plan becomes 90% funded.

**Article 2: Federal Compliance Affecting MSRS and PERA Eligibility for Certain Visa Holders**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	5.5	SF1454-Pappas, HF1497-Feist	352.01, Subd. 2b	MSRS General & Unclassified	Revises Clause (14) to provide that foreign citizens are excluded for the first three years of employment, unless the foreign citizen is: <ul style="list-style-type: none"> <li>(i) an H-1B, H-1B1, or E-3 status holder;</li> <li>(ii) an employee legally authorized to work in the U.S. for three years of more; or</li> <li>(iii) an employee otherwise required to participate under federal law.</li> </ul>
2	8.27	SF1454-Pappas, HF1497-Feist	353.01, Subd. 2b	PERA General	Revises Clause (11) to clarify that foreign citizens are excluded for the first three years of employment, unless the foreign citizen is an H-1B, H-1B1, or E-3 status holder or is in any of the other categories currently listed in the paragraph.
3	13.7	SF1454-Pappas, HF1497-Feist Commission Amend. S1712-5A	Session law	MSRS General & Unclassified	Authorizes the purchase of service credit for previously excluded employees who are currently employed or left employment in the previous year; if the missed employee contributions are paid to MSRS, the employer must pay the missed employer contributions plus interest.

**Article 3: Public Employees Retirement Association (PERA) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	14.31	SF1712-Rosen, HF1758-Nelson, M.	353.01, Subd. 16	PERA	Deletes a description of a "periodic, repetitive leave" that is moved to § 353.0162, and makes conforming changes.
2	16.23	SF1712-Rosen, HF1758-Nelson, M.	353.01, Subd. 28	PERA	Allows members who are eligible for a combined service annuity and who have entered into a phased retirement agreement administered by a non-PERA plan to receive a combined service annuity from PERA without a 30-day separation from public service, which is consistent with how MSRS and TRA administer both combined service annuities and phased retirement agreements.
3	17.16	SF1993-Howe, HF2163-O'Driscoll Commission Amend. S1993-1A	353.014, Subd. 4	PERA	Extends the period during which a member can pay to purchase service credit for a military leave. The shortest period allowed to purchase military leave service credit is extended from one year to 3 years from date of discharge and members who terminate service before making payment have six months instead of 30 days after terminating service to make payment.
4	18.1	SF1712-Rosen, HF1758-Nelson, M.	353.0162	PERA	Inserts a description of a "periodic, repetitive leave" that was in § 353.01, Subd. 16; redefines the period of reduced salary as one occurring entirely within one calendar year or one school year, depending on the type of employee; extends the length of time after leaving public service or beginning to receive a disability benefit that a member can purchase service credit for a period of reduced salary from 30 days to six months (matching the six months permitted to purchase previously refunded service credit under § 353.35, Subd. 1); and makes conforming changes.
5	19.30	SF1712-Rosen, HF1758-Nelson, M.	353.27, Subd. 12	PERA	Changes the interest rate paid by employers for omitted employee contributions, if unpaid for longer than 60 days, from 8% to 7.5%, in accordance with the rate changes made in 2018, consistent with other statewide plans.

**Article 3: Public Employees Retirement Association (PERA) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
6	21.8	SF1712-Rosen, HF1758-Nelson, M.	353.30, Subd. 1a	PERA Police & Fire Correctional	Clarifies that members of PERA's two public safety plans, who became public employees before July 1, 1989, are eligible to receive an unreduced early retirement benefit under the Rule of 90 provision, not just members of the PERA General Plan.
7	21.18	SF1712-Rosen, HF1758-Nelson, M. Commission Amend. S1712-2A	353.30, Subd. 1b	PERA Police & Fire Correctional	Incorporates some of the changes made in Section 6 to clarify language.
8	21.27	SF1712-Rosen, HF1758-Nelson, M. Commission Amend. H1758-1A	353.30, Subd. 1c	PERA General	Incorporates some of the changes made in Sections 6 to clarify language.
9	22.6	SF1712-Rosen, HF1758-Nelson, M. Commission Amend. H1758-1A	353.335	PERA	Allows the PERA executive director to waive the requirement that a disability benefit recipient annually report reemployment earnings if the medical record indicates the recipient will not have earnings.
10	22.17	SF1712-Rosen, HF1758-Nelson, M.	353.34, Subd. 2	PERA	Clarifies that interest paid on employee contributions made in error is credited at the same rate or rates used for a refund of employee contributions.
11	23.4	SF1712-Rosen, HF1758-Nelson, M. Commission Amend. S1712-2A	353D.071, Subd. 1	PERA Defined Contribution Plan	Revises the definition of "required beginning date" to refer to the definition of that term in § 356.635, Subd. 1, Para. (a), bringing the PERA Defined Contribution Plan into conformity with changes in federal law that revised the required beginning date from age 70½ to age 72 for participants whose 70 <sup>th</sup> birthday occurs after June 30, 2019.
12	24.1	Commission Amend. S1712-2A	353D.071 Subd. 2b	PERA Defined Contribution Plan	Replaces "member" or "member's" with "participant" or "participant's" to be consistent with the rest of Chapter 353D; replaces a reference to age 70½ with a reference to the required minimum distribution definition revised by Section 11; and makes other clarifying language changes.

**Article 4: PERA Statewide Volunteer Firefighter Plan (SVF) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	25.4	SF2252-Howe, HF1107-Murphy	477B.04, Subd. 3	PERA Statewide Volunteer Firefighter Plan (PERA SVF)	Authorizes the PERA executive director to allocate fire state aid as provided in new § 477B.041, if the executive director has approved an aid allocation plan under such section, or, if no aid allocation plan has been approved, to credit fire state aid as required under current law.
2	26.2	SF2252-Howe, HF1107-Murphy	New § 477B.041	PERA SVF	Permits municipalities with both volunteer and career firefighters to submit an aid allocation plan to the PERA executive director, which will permit the executive director to deposit a portion of fire state aid with the municipality and credit the remainder to the account for the municipality's volunteer firefighter benefits under the SVF plan. The new section limits the amount that can be allocated to the municipality, requires notice to the volunteer firefighters, and allows the volunteer firefighters to file a petition with PERA to stop allocation of fire state aid.

**Article 5: St. Paul Teachers Retirement Fund Association (SPTRFA) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	29.26	SF1303-Pappas, HF1459-Nelson, M.	354A.12, Subd. 1	SPTRFA	Delays the effective date of an increase in the employee contribution rate, from 7.5% to 7.75%, by one year so the increased rate takes effect on July 1, 2023, instead of on July 1, 2022, consistent with the effective date of an increase in the employee contribution rate for TRA.
2	30.8	SF1303-Pappas, HF1459-Nelson, M.	354A.31, Subd. 7	SPTRFA	Corrects an error relating to early retirement factors, retroactively amending § 354A.31, Subd. 7, to provide for an age 59 "bend point" rather than an age 60 bend point. ("Bend point" is the dividing line between a 7% per year reduction and a 4% per year reduction for every year prior to normal retirement age a member begins to take an early retirement benefit.)

**Article 6: Volunteer Firefighter Relief Association (VFRA) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	32.7	SF2056-Rosen, HF2145-Nelson, M.	424A.001, New Subd. 2b	VFRAs	Adds a definition of "municipal clerk" to the definitions section of Chapter 424A.
2	32.15	SF2056-Rosen, HF2145-Nelson, M.	424A.014, Subd. 1	VFRAs	Clarifies the application of the \$500,000 threshold in determining whether a relief association (i) must file an annual financial report and audited financial statements or (ii) may file such report and statement; and clarifies that "financial report" and "audited financial statements" are two separate documents; and revises the provision for clarity and consistency.
3	33.27	SF2056-Rosen, HF2145-Nelson, M.	424A.014, Subd. 2	VFRAs	Makes minor language clarifications.
4	35.1	SF2056-Rosen, HF2145-Nelson, M.	424A.015, Subd. 7	VFRAs	Revises the combined service pension provision to no longer permit relief associations to credit service with subsequent relief associations in calculating a firefighter's vesting percentage in the first relief association; removes a 10-year vesting requirement; and changes the notice requirement regarding a firefighter's years of service to require the prior relief association provide notice to the subsequent relief association, rather than the firefighter having to provide notice to the prior relief association.
5	36.12	SF2056-Rosen, HF2145-Nelson, M.	424A.016, Subd. 4	VFRAs	Permits the forfeiture of accounts prior to the end of the five-year waiting period that otherwise applies if the account is the account of a firefighter who dies during the five-year waiting period and no survivor benefit is payable from the relief association.
6	37.27	SF2056-Rosen, HF2145-Nelson, M.	424A.016, Subd. 6	VFRAs	Clarifies language requiring the crediting of "interest or additional investment performance" to deferred member accounts in defined contribution relief associations; and permits the application of an amendment to the bylaws of a relief association relating to the crediting of interest and investment performance, if adopted by January 1, 2022, to apply to firefighters who separated from active service before January 1, 2021 (rather than having the bylaws in effect on the date the firefighter separated from active service apply, as under current law).

**Article 6: Volunteer Firefighter Relief Association (VFRA) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
7	39.17	SF2056-Rosen, HF2145-Nelson, M.	424A.02, Subd. 3	VFRAs	Permits relief associations to eliminate service credit for a former firefighter who was not vested at the time the firefighter left active service and who does not return to active service within five years.
8	49.1	SF2056-Rosen, HF2145-Nelson, M.	424A.05, Subd. 3b	VFRAs	Clarifies that authorized expenses of a relief association include filing and application fees payable by the relief association to federal or other government entities, but only if the fees are "necessary to administer the special fund."
9	50.2	SF1925-Abeler, HF2192-Heinrich	Session law	Ramsey VFRA	<p>Modifies current law to require the Ramsey relief association to take the following actions with regard to the firefighters assigned to the Nowthen fire station whose employment with Ramsey is terminated in 2021:</p> <ul style="list-style-type: none"> <li>• Consider each Nowthen firefighter to have worked all of 2021 for purposes of receiving an allocation of fire state aid, contributions, and investment earnings, and administrative expenses;</li> <li>• Fully vest each Nowthen firefighter in the firefighter's account on the date the firefighter's employment with Ramsey is terminated;</li> <li>• Give each Nowthen firefighter the option to take an immediate distribution of the firefighter's account, without regard to whether the firefighter is at least age 50, as a direct lump sum payment to the firefighter or as a direct rollover to another retirement plan or IRA.</li> </ul>
10	51.1	SF1925-Abeler, HF2192-Heinrich	Session law	Ramsey VFRA	Modifies requirements for fire state aid for Nowthen so Nowthen will be considered as having satisfied the calendar year requirement, if the Nowthen fire department (i) is in operation by December 31, 2021, and (ii) provides documentation to that effect to the Commissioner of Revenue by February 1, 2022.
11	51.9	SF1925-Abeler, HF2192-Heinrich	Session law	Ramsey VFRA; PERA SVF	Allows Nowthen to begin coverage of its firefighters by the PERA Statewide Plan (SVF) on the date the coverage election is approved by Nowthen's governing board or, if later, the date Nowthen satisfies all other requirements for coverage by the PERA Statewide Plan.

**Article 6: Volunteer Firefighter Relief Association (VFRA) Provisions**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
12	51.18	SF1925-Abeler, HF2192-Heinrich	Session law	Ramsey VFRA	Repeals Laws 2020, Ch. 108, Art. 14, Sec. 1, which was enacted for the benefit of the cities of Ramsey and Nowthen, the Ramsey relief association, and the Nowthen firefighters.

**Article 7: Deadline for Agency Requests to LCPR Staff to Draft Bills**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	51.23	Commission bill draft LCPR21-023  Commission oral amendment	New § 356B.01	Pension systems	Defines the terms "agency," "commission," "pension system," and "volunteer firefighter relief association," for purposes of Chapter 356B. The section was amended to remove the state auditor from the definition of "agency."
2	52.8	Commission bill draft LCPR21-023	New § 356B.02	Pension systems	Imposes a November 1 deadline for submitting bill drafting requests to Legislative Commission on Pensions and Retirement staff.
3	52.19	Commission bill draft LCPR21-023	356B.05	Repealer	Repeals § 356B.05, which is largely obsolete.
4	52.21	Commission bill draft LCPR21-023	Effective Date	--	All sections are effective upon enactment.

**Article 8: Session Laws for Individuals**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	52.25	SF950-Pappas, HF407-Nelson, M.  Commission Amend. S1712-3A	Special law	MSRS General	Increases an individual's retirement benefit because the individual was provided materially misleading information on the amount of his pension, on which he relied when deciding to retire.
2	54.1	SF2098-Pratt, HF2188-Mortensen	Special law	MSRS General & Correctional	Allows for the transfer of about nine years of past service credit from the General Plan to the Correctional Plan for a single Department of Human Services employee, subject to payment by the employee of the difference between the employee contribution rates, plus interest.

**Article 9: Work Groups for 911 Telecommunicators and Supplemental State Aid**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	56.4	SF2485-Bigham Senate Floor Amend. scs1712a-1 Commission oral amendment	Session law	--	Requires the Commission's Executive Director to establish a working group to recommend to the Commission whether the pension benefits of 911 Telecommunicators should be changed and, if so, recommend changes; report to the Commission required by March 1, 2022.
2	57.22	Commission Amend. S1712-7A	Session law	--	Requires the State Auditor to convene a Supplemental State Aid Work Group to articulate options to the Commission on changing the method of allocating firefighter supplemental state aid under Sec. 423A.022; report to the Commission required by December 31, 2022.

**Article 10: Technical Clarifications and Corrections**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	58.27	Commission Amend. S1712-2A	353E.02, Subd. 2	PERA Correctional	Corrects the misuse of the word "fund" by replacing it with the word "plan."
2	59.17	Commission Amend. S1712-2A	356.635, Subd. 1	Public Pension and Retirement Plans	Restates federal law relating to required minimum distributions and clarifies language.
3	59.30	Commission Amend. S1712-2A	424A.01, Subd. 2	VFRAs	Replaces an obsolete reference to Chapter 69 with the current Chapter 477B.
4	60.3	Commission Amend. S1712-2A	424A.016, Subd. 4	VFRAs	Clarifies that, in a particular instance, the phrase "at the time of retirement" means "at the time that payment of a service pension commences." The term "retirement" is ambiguous in this context, which relates to the benefit to which an individual is entitled under a defined contribution relief association.



**Article 10: Technical Clarifications and Corrections**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
5	61.16	Commission Amend. S1712-2A	424A.10, Subd. 2	VFRAs	Adds references to the PERA Statewide Volunteer Firefighter Plan (shortened to "retirement plan") in this section on the payment of a supplemental benefit. Just as a relief association is required to pay a supplemental benefit to each recipient of a retirement benefit from a relief association retirement plan, the PERA Statewide Plan is required to pay a supplemental benefit to each recipient of a retirement benefit from that plan.
6	62.9	Commission Amend. S1712-2A	New Sec. 424B.001	VFRAs	Inserts a new introductory section to Chapter 424B to clarify the interaction between Chapters 424A and 424B.
7	62.13	Commission Amend. S1712-2A	424B.01, Subd. 3a	VFRAs	Clarifies the definition of "conversion effective date" by inserting a reference to Sec. 424B.13, Subd. 2.
8	62.18	Commission Amend. S1712-2A	424B.01, Subd. 3b	VFRAs	Clarifies the definition of "defined benefit plan" by replacing the definition with a reference to Sec. 424A.02, which is the section that describes defined benefit plans for VFRAs.
9	62.26	Commission Amend. S1712-2A	424B.01, Subd. 3d	VFRAs	Clarifies the definition of "defined contribution plan" by replacing the definition with a reference to Sect. 424A.016, which is the section that describes defined contribution plans for VFRAs.
10	63.1	Commission Amend. S1712-2A	424B.01, Subd. 3g	VFRAs	Revises the definition of "member" by adding language to clarify that, for purposes of Chapter 424B, a member of a fire department or independent nonprofit firefighting corporation means both a current employee or service provider to a fire department and a former employee or service provider.
11	63.13	Commission Amend. S1712-2A	424B.01, Subd. 3h	VFRAs	Replaces a portion of the definition of "municipality" with a reference to the definition of "municipality" in Chapter 424A.
12	63.26	Commission Amend. S1712-2A	424B.01, Subd. 3i	VFRAs	Makes conforming changes by replacing the term "member" with the term "participant."

**Article 10: Technical Clarifications and Corrections**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
13	64.7	Commission Amend. S1712-2A	424B.01, New Subd. 3j	VFRAs	Inserts a new defined term, "participant," and defines that term separately for defined contribution plans and defined benefit plans to use appropriate references to the type of benefit and to include active, inactive, and deferred members and retirees in pay status.
14	64.26	Commission Amend. S1712-2A	424B.01, Subd. 4a	VFRAs	Replaces a portion of the definition of "relief association" with a reference to the definition of "relief association" in Chapter 424A.
15	65.5	Commission Amend. S1712-2A	424B.01, Subd. 5b	VFRAs	Revises the definition of "retiree in pay status" to use the new term "participant."
16	65.10	Commission Amend. S1712-2A	424B.01, Subd. 5c	VFRAs	Replaces the term "member" with the term "participant."
17	65.13	Commission Amend. S1712-2A	424B.04, Subd. 3	VFRAs	Replaces an obsolete reference to Chapter 69 with the current Chapter 477B.
18	65.17	Commission Amend. S1712-2A	424B.24, Subd. 2	VFRAs	Revises the requirement that the board of trustees of a relief association that is converting from a defined benefit plan to a defined contribution plan must fully vest all members, including former members, by using the new defined term "participants," to remove any ambiguity as to whether former "members" must become fully vested; clarifies that retirees in pay status receiving a monthly pension are excepted from the full vesting requirement. These changes reflect applicable federal law.
19	66.18	Commission	424B.13,	VFRAs	Replaces the terms "member" and "firefighter" with the term "participant," replaces the undefined term "former member" with the defined term "retiree in pay status," and makes other minor conforming changes.
20	67.11	Amend. S1712-2A	Subd. 4,		
21	68.4		5, 6, 8, 9,		
22	69.16		and 10		
23	70.7				
24	70.15				
25	70.24	Commission Amend. S1712-2A	424B.22, Subd. 1	VFRAs	Corrects a reference to "this section" by replacing it with "paragraph (b)."

**Article 10: Technical Clarifications and Corrections**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
26	71.17	Commission Amend. S1712-2A	424B.22, Subd. 2	VFRAs	Replaces the undefined term "firefighters" with the defined term "members of the relief association" which is appropriate in this context, where membership in the relief association, rather than participation in the retirement plan, is consistent with the intent of the provision.
27	72.4	Commission Amend. S1712-2A	424B.22, Subd. 3	VFRAs	Clarifies ambiguous language to state that the board of trustees of a relief association may approve a termination date of the relief association's retirement plan that is different from the dissolution date of the relief association; clarifies the full vesting requirement to use the new defined term "participants," to remove any ambiguity as to whether "members" includes former members for full vesting purposes; clarifies that retirees in pay status receiving a monthly pension are excepted from the full vesting requirement. These changes reflect applicable federal law.
28	72.28	Commission	424B.22,	VFRAs	Replaces the term "member" with the term "participant" and makes other conforming changes.
29	73.15	Amend. S1712-2A	Subd. 4, 5		
30	74.10	Commission Amend. S1712-2A	424B.22, Subd. 7	VFRAs	Replaces the terms "member" and "firefighter" with the term "participant" and makes other conforming changes; clarifies that the phrase "other firefighters" means "former participants" when describing individuals who can be made eligible to receive surplus.
31	75.11	Commission Amend. S1712-2A	424B.22, Subd. 8	VFRAs	Replaces the term "member" with the term "participant" and makes other conforming changes.
32	76.3	Commission Amend. S1712-2A	424B.22, Subd. 9	VFRAs	Replaces the term "member" with the term "participant" and makes other conforming changes; clarifies that the benefit of a participant who does not respond to a distribution offer from a terminating plan is treated like a missing participant for purposes of transferring the benefit to an IRA or escheating the benefit to the state.

**Article 10: Technical Clarifications and Corrections**

Sec.	Pg.Ln	Source	Statute	Plan	Summary
33	77.7	Commission Amend. S1712-2A	424B.22, Subd. 10	VFRAs	Replaces the term "member" with the term "participant" and makes other conforming changes.
34	77.15	Commission Amend. S1712-2A	477B.01, Subd. 1	Fire State Aid	Clarifies that terms defined in Chapter 477B apply for the purposes of Chapter 424A, unless the word or term is also defined in Chapter 424A, in which case the definition in Chapter 424A is applicable for the purposes of Chapter 424A. This reconciles a conflict between a new definition of "municipal clerk" in Sec. 1, Art. 5, of the DE at lines 26.3 through 26.10, which is to be inserted into Chapter 424A.001, and the definition of the same term in current law, at Sec. 477B.01, Subd. 9.
35	77.22	Commission Amend. S1712-2A	424A.02, Subd. 3	Revisor Instruction	Renumbers paragraphs in Sec. 424A.02, Subd. 3, such that paragraphs (c) and (d), which contain the lengthy tables used to determine maximum monthly and lump sum benefit amounts, will become new subdivisions. Paragraphs (a) to (b) and (e) to (h) will also become new subdivisions. This will make amending Subd. 3 easier, by not requiring the tables to be included every time this subdivision is amended.
36	78.5	Commission Amend. S1712-2A	Effective Date	--	All sections in the article are effective the day following final enactment.

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