

2023 Pension and Retirement Budget Omnibus Bill HF 3100, The First Engrossment

Section- by- Section Summary

Article 1: Investment Rate of Return Actuarial Assumption

Sec.	Pg.Ln	Statute	Plan	Summary
1	1.26	356.215, Subd. 8	All plans	Replaces the current actuarial assumption for investment return of 7.5% with 7% for each of the pension plans. This change is effective June 30, 2023, so the pension plans will use the new assumption in their actuarial valuations as of July 1, 2023.

Article 2: COLAs

Sec.	Pg.Ln	Statute	Plan	Summary
1	3.3	356.415, Subd. 1	MSRS General Legislators Unclassified	Deletes the provision that delays annual COLAs until the member reaches normal retirement age.
2	4.20	356.415, Subd. 1b	PERA General	Deletes the provision that delays annual COLAs until the member reaches normal retirement age.
3	5.25	356.415, Subd. 1g	PERA Correctional	Permits the applicable maximum COLA percentage to go back up to 2.5% when funded status improves.
4	7.1	Uncoded Session Law	Coordinated members of all plans, and Legislators Plan	Pays a one-time COLA to all coordinated members in a lump sum no later than March 31, 2024, equal to the difference between the rate in effect in current law on January 1, 2024, and 2.5%.
5	7.22	Uncoded Session Law	Basic members of all plans, except Legislators Plan	Pays a one-time COLA to all basic members in a lump sum no later than March 31, 2024, equal to the difference between the rate in effect in current law on January 1, 2024, and 4%.

Article 3: Minnesota State Retirement System

Sec.	Pg.Ln	Statute	Plan	Summary
1	8.14	352.04, Subd. 2	MSRS General MSRS Unclassified	Reduces the employee contributions to the MSRS General Plan and Unclassified Plan from 6% of pay to 5.5% of pay for two years, from July 1, 2023, to June 30, 2025.
2	8.26	352.115, Subd. 1	MSRS General	Reduces the number of years of service required for full vesting from five years to three years for members employed on or after July 1, 2023.

Article 3: Minnesota State Retirement System

<u>Sec.</u>	<u>Pg.Ln</u>	<u>Statute</u>	<u>Plan</u>	<u>Summary</u>
3	9.8	352.92, Subd. 2a	MSRS Correctional	Amends the expiration date for supplemental employer contributions until the plan has met the 100% funded threshold for the prior three years rather than one year in current statute.
4	9.23	352B.02, Subd. 1c	State Patrol Plan	Amends the expiration date for supplemental employer contributions until the plan has met the 100% funded threshold for the prior three years rather than one year in current statute.
5	10.19	490.123, Subd. 5	Judges Plan	Amends the expiration date for annual state aids until the plan has met the 100% funded threshold for the prior three years rather than one year in current statute.

Article 4: Public Employees Retirement Association

<u>Sec.</u>	<u>Pg.Ln</u>	<u>Statute</u>	<u>Plan</u>	<u>Summary</u>
1	11.3	353.01, Subd. 47	PERA General	Reduces the number of years of service required for full vesting from 5 years to 3 years for all members.

Article 5: St. Paul Teachers Retirement Fund Association

<u>Sec.</u>	<u>Pg.Ln</u>	<u>Statute</u>	<u>Plan</u>	<u>Summary</u>
1	13.3	354A.12, Subd. 1	St. Paul Teachers	Increases the employee contribution rate by 1% of pay, beginning on July 1, 2025.
2	13.21	354A.31 New Subd. 5a	St. Paul Teachers	Adds a new benefit effective for all members retiring on or after July 1, 2023. A member who retires when the member is at least age 62 and has at least 30 years of service will receive an unreduced retirement annuity.
3	13.27	354A.31 Subd. 7	St. Paul Teachers	Amends the early retirement statute to conform the statute as necessary to take into account the new early retirement benefit added by Section 2.

Article 6: Appropriations

<u>Sec.</u>	<u>Pg.Ln</u>	<u>Provision</u>	<u>Plan</u>	<u>Summary</u>
1	15.25	Appropriation	All plans	Appropriates a total of \$485,900,000 as one-time state aids, allocated among each of the pension plans on the basis of actuarial liabilities in fiscal year 2024.

Article 6: Appropriations

Sec.	Pg.Ln	Provision	Plan	Summary
2	16.10	Uncoded Session Law Appropriation	PERA SVF	<p>Creates the Statewide Volunteer Firefighter Plan Incentive Program.</p> <p>Subd. 1. Provides definitions for the section, including “incentive program.”</p> <p>Subd. 2. Requires the PERA executive director to provide to the Commission an outline of the program and proposed legislation adding a defined contribution component.</p> <p>Subd. 3. Creates the incentive account within the special revenue fund and requires the Commissioner of Management and Budget to make deposits from that account into fire department accounts in the Statewide Plan.</p> <p>Subd. 4. Transfers \$5 million from the general fund to a new Statewide Volunteer Firefighter Incentive Account to be used to incentivize volunteer firefighter relief associations to join the Statewide Plan.</p>
3	17.8	Appropriation	LCPR	<p>Appropriates a one-time \$100,000 to be used by the Commission for actuarial cost assessments to assist the Commission with decision-making on pension policy and legislation.</p>