

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2524**

02/27/2014 Authored by Nelson

The bill was read for the first time and referred to the Committee on Government Operations

A bill for an act

relating to retirement; Public Employees Retirement Association; revising salary reporting requirement; clarifying early retirement provision application to sheriffs; revising postretirement option program requirements and extending expiration date; amending Minnesota Statutes 2012, sections 353.27, subdivision 4; 353.371, subdivisions 1, 4, by adding a subdivision; Minnesota Statutes 2013 Supplement, section 353.651, subdivision 4; Laws 2009, chapter 169, article 5, section 2, as amended.

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

Section 1. Minnesota Statutes 2012, section 353.27, subdivision 4, is amended to read:

Subd. 4. **Employer reporting requirements; contributions; member status.**

(a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each public employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan under this chapter or chapter 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is paid. The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions and the required employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period to the association a salary deduction report in the format prescribed by the executive director. The report must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of \$5 per calendar day until the association receives the required data. Data required as part of salary deduction reporting must include, but are not limited to:

(1) the legal names and Social Security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made, including a breakdown of the portion of the salary that represents overtime or compensatory pay that the employee was paid for additional hours worked beyond the regularly scheduled hours, and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods as authorized by the executive director.

(c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan in the format prescribed by the executive director. The required enrollment data on new members must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. Also, the employer shall report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails to comply with the reporting requirements under this paragraph, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(e) Notwithstanding paragraph (a), the executive director may provide for less frequent reporting and payments for small employers.

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 2. Minnesota Statutes 2012, section 353.371, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) This section applies to a basic or coordinated member of the general employees retirement plan of the Public Employees Retirement Association who:

(1) for at least the five years immediately preceding separation under clause (2), was regularly scheduled to work 1,044 or more hours per year in a position covered by the general employees retirement plan of the Public Employees Retirement Association;

(2) terminates membership as defined under section 353.01, subdivision 11b;

(3) at the time of termination under clause (2), was at least age 62 and met the age and service requirements necessary to receive a retirement annuity from the plan and satisfied requirements for the commencement of the retirement annuity;

(4) agrees to accept a postretirement option position with the same or a different governmental subdivision, working a reduced schedule that is both:

(i) a reduction of at least 25 percent from the employee's number of previously regularly scheduled work hours; and

(ii) 1,044 hours or less in public; and

(5) is not eligible for participation in the state employee postretirement option program under section 43A.346.

(b) For purposes of this section, the length of separation requirement and termination of service requirement prohibiting return to work agreements under section 353.01, subdivisions 11a and 28, are not applicable.

4.1 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to
4.2 appointments made on or after that date.

4.3 Sec. 3. Minnesota Statutes 2012, section 353.371, subdivision 4, is amended to read:

4.4 Subd. 4. **Duration.** Postretirement option employment may be for an initial period
4.5 not to exceed one year. At the end of the initial period, the governing body has sole
4.6 discretion to determine if the offer of a postretirement option position will be renewed,
4.7 renewed with modifications, or terminated. Postretirement option employment may be
4.8 renewed annually, but as follows:

- 4.9 (1) if entered into before July 1, 2014, for no more than four renewals ~~may occur~~; and
4.10 (2) if entered on or after July 1, 2014, for no more than two renewals.

4.11 **EFFECTIVE DATE.** This section is effective July 1, 2014.

4.12 Sec. 4. Minnesota Statutes 2012, section 353.371, is amended by adding a subdivision
4.13 to read:

4.14 Subd. 8. **Program expiration.** (a) Initial postretirement option employment
4.15 agreements must not be entered into after June 30, 2019.

4.16 (b) This section expires on June 30, 2022.

4.17 **EFFECTIVE DATE.** This section is effective July 1, 2014.

4.18 Sec. 5. Minnesota Statutes 2013 Supplement, section 353.651, subdivision 4, is
4.19 amended to read:

4.20 Subd. 4. **Early retirement.** (a) A person who becomes a public employees police
4.21 and fire retirement plan member after June 30, 2007, or a former member who is reinstated
4.22 as a member of the plan after that date, who is at least 50 years of age and is at least
4.23 partially vested under section 353.01, subdivision 47, upon the termination of public
4.24 service ~~employees police and fire retirement plan membership~~ before July 1, 2014, if the
4.25 person is other than a county sheriff or after January 4, 2015, if the person is a county
4.26 sheriff is entitled upon application to a retirement annuity equal to the normal annuity
4.27 calculated under subdivision 3, reduced by two-tenths of one percent for each month that
4.28 the member is under age 55 at the time of retirement.

4.29 (b) Upon the termination of public ~~service~~ employees police and fire retirement
4.30 plan membership before July 1, 2014, ~~if the person is other than a county sheriff or~~
4.31 ~~upon the termination of public service before January 5, 2015, if the person is a county~~
4.32 ~~sheriff~~, any public employees police and fire retirement plan member who first became

a member of the plan before July 1, 2007, and who is not specified in paragraph (a), upon attaining at least 50 years of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

(c) A person ~~other than a county sheriff~~ who is a member of the public employees police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member of the public employees police and fire retirement plan on or after January 5, 2015,~~ and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, and whose benefit effective date is after July 1, 2014, ~~if other than a county sheriff or after January 4, 2015, if a county sheriff~~ and on or before July 1, 2019, is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced for each month the member is under age 55 at the time of retirement by applying a blended monthly rate that is equivalent to the sum of:

(1) one-sixtieth of the annual rate of five percent, prorated for each month the person's benefit effective date is after July 1, 2014, ~~or after December 31, 2014, whichever applies;~~ and

(2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever applies, for each month the person's benefit effective date is before July 1, 2019.

(d) A person ~~other than a county sheriff~~ who is a member of the public employees police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member of the public employees police and fire retirement plan on or after January 5, 2015,~~ and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by five percent annually, prorated for each month that the member is under age 55.

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

Sec. 6. Laws 2009, chapter 169, article 5, section 2, the effective date, as amended by Laws 2010, chapter 359, article 5, section 27, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment ~~and expires on June 30, 2014. Individuals must not be appointed to a postretirement option position after that date.~~

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

6.1 Sec. 7. **COUNTY SHERIFF TEMPORARY EARLY RETIREMENT**
6.2 **PROVISION.**

6.3 Subdivision 1. **Application.** (a) This section applies to a county sheriff who:

6.4 (1) terminates membership in the public employees police and fire retirement plan
6.5 after June 30, 2014, and before February 1, 2015;

6.6 (2) is at least age 50 but less than age 55 on the date of termination;

6.7 (3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision
6.8 47, and meets all applicable requirements for receipt of an early retirement annuity from
6.9 the plan; and

6.10 (4) has as the benefit effective date the day following termination of public
6.11 employees police and fire retirement plan membership.

6.12 (b) Notwithstanding any provision of Minnesota Statutes, section 353.651,
6.13 subdivision 4, to the contrary, the early retirement annuity applicable to an eligible person
6.14 under paragraph (a) is the applicable benefit specified in subdivision 2.

6.15 Subd. 2. **Early retirement annuity.** (a) If an eligible person became a public
6.16 employees police and fire retirement plan member after June 30, 2007, or was a former
6.17 member who was reinstated as a member after that date, the person is entitled, upon
6.18 application, to the normal annuity calculated under Minnesota Statutes, section 353.651,
6.19 subdivision 3, reduced by two-tenths of one percent for each month that the member
6.20 is under age 55 at the time of retirement.

6.21 (b) If an eligible person became a public employees police and fire retirement plan
6.22 member before July 1, 2007, and is covered under paragraph (a), the person is entitled,
6.23 upon application, to the normal annuity calculated under Minnesota Statutes, section
6.24 353.651, subdivision 3, reduced by one-tenth of one percent for each month that the
6.25 member is under age 55 at the time of retirement.

6.26 (c) If an eligible person is not fully vested, the annuity computed under this section
6.27 must be reduced accordingly.

6.28 Subd. 3. **Expiration.** This section expires on January 1, 2016.

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