On Tuesday, May 25, 2021, Governor Tim Walz signed into law the 2021 Omnibus Pension and Retirement Bill. The bill received strong bipartisan approval in both houses of the Legislature, with a unanimous vote in the Senate and a 131-2 tally in the House. Highlights of the changes:

**LEAVE PURCHASES**
The bill shifts the way members purchase their missed salary and service credit following an authorized leave of absence. PERA has previously asked employers to report leaves of absence as they occur, and allowed members the option to purchase missed salary or service credit within one year from the date of their return from leave, or 30 days after termination, whichever was earlier.

Effective July 1, 2021, the leave purchase timeline definition is modified to cover all periods of reduced salary that occur within one year. For local government employees, this is based on a January 1 – December 31 calendar year. For school employees, it is based on the July 1 – June 30 fiscal year. In addition, the time frame to purchase leave after termination or retirement increased from 30 days to six months.

With this change, employers will report all employee leaves on a single annual file or within 30 days of a member’s termination. PERA will allow the member to make their purchase by the end of the following calendar or fiscal year, or within six months of separation, whichever is earliest.

No interest will accrue until the start of the following year, and it is not retroactive. For example: calendar year 2021 leave purchase costs will not begin to accrue interest until January 1, 2022.

See the Changes to Leave Reporting article in this newsletter to learn about implementing this change.

**MILITARY LEAVES**
Effective May 26, 2021, the minimum time period to purchase federally protected military leaves is extended from one year to three years. This allows members more time to purchase this type of leave when the military period is less than one year.

**EXCLUSION OF FOREIGN CITIZENS**
The wording of this exclusion was changed to explicitly state that H-1B, H-1B1, and
E-3 status holders are included employees who are not subject to exclusion for the first three years of employment. This was a language clarification only and does not modify the existing administration of this provision.

**PHASED RETIREMENT PLAN**

Members who are active under another Minnesota public pension plan and retire with a phased retirement agreement may be eligible for a combined service annuity.

**STATEWIDE VOLUNTEER FIREFIGHTER (SVF) FIRE STATE AID**

Currently, entities within the Statewide Volunteer Firefighter (SVF) Plan are not eligible to allocate fire state aid towards employer contributions to the PERA Police & Fire Plan.

The Omnibus Retirement Bill allows for an entity with a combination fire department to propose a fire state aid allocation plan for up to three years. A combination fire department consists of at least one career firefighter and one volunteer firefighter.

The amount of fire state aid that can be allocated cannot exceed the entity’s employer contributions for their career firefighters in the PERA Police & Fire Plan. The amount allocated cannot jeopardize the 100 percent funding status of the SVF Plan.

The entity must notify the volunteer firefighters and PERA of the fire state aid allocation plan. The volunteer firefighters have a period of time to file a petition to stop the proposed fire state aid allocation plan. If no petition is filed, the fire state aid allocation plan goes into effect for the next calendar year.

**WORKING GROUP FOR 911 TELECOMMUNICATORS**

A working group will be established to study whether 911 telecommunicators should be eligible to participate in the PERA Correctional Plan instead of the PERA General Plan. The group will also review this recommendation for the related MSRS Plans.

The working group includes five members representing local government employers, two active 911 telecommunicator employees, one member from each of the PERA and MSRS Correctional Plans, and the Executive Directors for PERA and MSRS. Their report is due to the Legislative Commission on Pensions and Retirement by March 1, 2022.

PERA’s Board of Trustees will select a representative from the members of PERA Correctional Plan this summer. More information on the selection process will be communicated in the coming months.

**Verification of Termination: Now Online**

A Verification of Termination (VOT) documents an employee’s separation from all public service and is a requirement of a member’s retirement application process. PERA recently added a new feature to our Employer Reporting Information System (ERIS) that allows you to complete an electronic Verification of Termination (eVOT) online instead of filling out a paper form.

When an eVOT is requested for one of your employees, we will notify you via email that a Verification of Termination report is available in the ERIS Pending Reports section. To complete any eVOTs that are waiting for your reply, log in to ERIS, click Response, and answer a few questions to provide the required information. Your ERIS User ID is automatically recorded as the authorized signer for PERA’s records.

The eVOT is not yet available in all situations. At this time, only members may initiate the eVOT request once PERA receives their retirement application. In addition, changes to a verified termination date can only be made with a paper VOT. Future enhancements will allow you to submit an eVOT independently and resubmit when a termination date changes. Paper VOT forms will continue to be accepted by PERA even after the eVOT is fully implemented. Privatized employers must continue to use the paper Verification of Employment Status—Privatization form.

If you have questions, please contact us at employer.reps@mnpera.org or 651-296-3636 (option #4).
Changes to Leave Reporting

PERA’s requirements for the reporting of leaves of absence are changing. Employee leaves that occur during a calendar or fiscal year and result in reduced salary will be reported by employers annually or within 30 days of termination, whichever is earliest. Refer to the Legislative Update 2021 article for more information.

WHY DID WE MAKE A CHANGE?
The goal of PERA’s legislative change is to simplify leave reporting and purchasing for members, employers, and PERA administration. Our experience with employers who participate in PERA’s furlough programs has demonstrated that annual reporting streamlines the process and reduces omissions.

Leave of absence reporting has generally been the most challenging status change for employers. This is understandable, considering that each of the following scenarios would typically be reported differently:

- Leave of absence without salary
- Intermittent leaves of absence
- Leave of absence with salary covered by sick or vacation pay that later runs out

- Furlough leaves (Budget Savings & Periodic Repetitive Leave)

In the past, PERA would mail information to the member when the status change was reported. The previous statute caused administrative challenges because most members had a “custom” timeline determined by their return from leave/termination date. Further, delays and oversights have negatively affected members through increased purchase costs, reduced time to make a purchase, and elimination of the purchase option altogether.

WHEN DOES IT START?
This will be a year of transition. We understand that a change in process is challenging and certain employers have programming considerations. In addition, many of you have already reported member leaves in the current calendar year.

For local government employers (non-schools), the change is effective with the current 2021 calendar year. Your first annual report is due in January 2022 and will list any leaves of absence that occurred in 2021. PERA’s system processing will identify duplicate records, so we ask that your annual report include all leaves with missed salary, even those who may have already been reported individually.

For schools, the change is effective for fiscal year 2022 which begins July 1, 2021. Your first annual report is due in July 2022.

WHAT HAPPENS NEXT?
We are currently mapping the details of implementation. Development of a new Pending Report for our Employer Reporting Information System (ERIS) is underway, and we are finalizing the file format specifications for both Excel and text file uploads.

We encourage all employers to attend PERA’s legislative update webinar on July 15. See below for more information, or visit the Employer Programs page on our website. The file format document will be available online by the date of the webinar.

WHAT IF I HAVE QUESTIONS?
Your questions are welcome and will help us identify key items to discuss in our upcoming webinar. Please send questions to Heather Schoenberger, Manager of our Account Information Management Division, at heather.schoenberger@mnpera.org.

Upcoming Webinars: Legislative Update and More

**Employer Legislative Update**

Learn about the 2021 Omnibus Retirement Bill and how it will impact the day-to-day administration of PERA benefits.

When: Thursday, July 15: 10:00-11:30 am

**Welcome Employer: PERA Reporting Training**

Recommended for payroll, HR, and business managers who are new to PERA reporting.

When: Thursday, June 24 & Thursday, July 29: 10-11:30 am

Learn more and register on our [website](#).
Q. Are employees who telework from their home in another state eligible to participate in PERA?

There are no residency or state taxability requirements for PERA membership.

PERA statutes only require that its participating employers be a Minnesota county, city, town, school district, or a department, unit, or instrumentality of state or local government.

Any employee of a participating PERA employer is eligible for coverage if they meet membership eligibility criteria. This is true regardless of the physical location where the work is performed.