

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 2918

1.2 A bill for an act
1.3 relating to retirement; various retirement plans; increasing certain contribution
1.4 rates; suspending certain postretirement adjustments; reducing certain
1.5 postretirement adjustment increase rates; reducing interest rates on refunds;
1.6 reducing deferred annuity augmentation rates; eliminating interest on reemployed
1.7 annuitant earnings limitation deferred accounts; increasing certain vesting
1.8 requirements; increasing certain early retirement reduction rates; reducing
1.9 certain benefit accrual rates; extending certain amortization periods; making
1.10 changes of an administrative nature for retirement plans administered by the
1.11 Minnesota State Retirement Association; revising insurance withholding for
1.12 certain retired public employees; authorizing state patrol plan service credit for
1.13 leave procedures; addressing plan coverage errors and omitted contributions;
1.14 revising unlawful discharge annuity repayment requirements; requiring
1.15 employment unit accommodation of daily valuation of investment accounts;
1.16 eliminating administrative fee maximum for the unclassified state employees
1.17 retirement program; making changes of an administrative nature in the general
1.18 employees retirement plan of the Public Employees Retirement Association, the
1.19 public employees police and fire retirement plan, and the defined contribution
1.20 retirement plan; making various administrative modifications in the voluntary
1.21 statewide lump-sum volunteer firefighter retirement plan of the Public Employees
1.22 Retirement Association; revising purchase of salary credit procedures in certain
1.23 partial salary situations; adding new partial salary credit purchase authority for
1.24 partial paid medical leaves and budgetary leaves; redefining TRA allowable
1.25 service credit; defining annual base salary; requiring base salary reporting by
1.26 TRA-covered employing units; making changes of an administrative nature in
1.27 the Minnesota State Colleges and Universities System individual retirement
1.28 account plan; setting deadline dates for actuarial reporting; extending and
1.29 revising an early retirement incentive program; permitting the court-ordered
1.30 revocation of an optional annuity election in certain marriage dissolutions;
1.31 transfer of the administrative functions of the Minneapolis Employees
1.32 Retirement Fund to the Public Employees Retirement Association; creation
1.33 of MERF consolidation account within the Public Employees Retirement
1.34 Association; making various technical corrections relating to volunteer fire relief
1.35 associations; revising break-in-service return to firefighting authorizations;
1.36 authorizing Minnesota deferred compensation plan service pension transfers;
1.37 revising payout defaults in survivor benefits; authorizing corrections of certain
1.38 special fund deposits; requiring a retirement fund investment authority study;
1.39 authorizing certain bylaw amendments; making technical changes; appropriating
1.40 money; amending Minnesota Statutes 2008, sections 3A.02, subdivision 4;
1.41 11A.04; 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision
1.42 9; 43A.316, subdivision 8; 69.021, subdivision 10; 69.051, subdivision 3;
1.43 126C.41, subdivision 3; 256D.21; 352.01, subdivision 2a; 352.03, subdivision

2.1 4; 352.04, subdivision 9; 352.113, subdivision 1; 352.115, subdivisions 1,
 2.2 10; 352.12, subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1,
 2.3 2; 352.91, by adding a subdivision; 352.93, subdivisions 1, 2a, 3a; 352.931,
 2.4 subdivision 1; 352.965, subdivisions 1, 2, 6; 352B.02, as amended; 352B.08,
 2.5 subdivisions 1, 2a; 352B.11, subdivision 2b; 352B.30, subdivisions 1, 2;
 2.6 352D.015, subdivisions 4, 9, by adding a subdivision; 352D.02, subdivisions 1c,
 2.7 2, 3; 352D.03; 352D.04, subdivisions 1, 2; 352D.05, subdivisions 3, 4; 352D.06,
 2.8 subdivision 3; 352D.065, subdivision 3; 352D.09, subdivisions 3, 7; 352F.07;
 2.9 353.01, subdivisions 2b, 2d, by adding subdivisions; 353.0161, subdivision 2;
 2.10 353.03, subdivision 1; 353.05; 353.27, as amended; 353.29, subdivision 1;
 2.11 353.30, subdivision 1c; 353.32, subdivisions 1, 1a; 353.34, subdivisions 1, 2,
 2.12 3, 6; 353.37, subdivisions 1, 2, 3, 3a, 4, 5; 353.46, subdivisions 2, 6; 353.64,
 2.13 subdivision 7; 353.651, subdivisions 1, 4; 353.657, subdivisions 1, 2a; 353.71,
 2.14 subdivisions 1, 2, 4; 353.86, subdivisions 1, 2; 353.87, subdivisions 1, 2; 353.88;
 2.15 353D.01, subdivision 2; 353D.03, subdivision 1; 353D.04, subdivisions 1, 2;
 2.16 353E.04, subdivisions 1, 4; 353E.07, subdivisions 1, 2; 353F.025, subdivisions
 2.17 1, 2; 353F.03; 354.05, by adding a subdivision; 354.07, subdivision 5; 354.091;
 2.18 354.42, subdivisions 3, 7, by adding subdivisions; 354.52, subdivision 6, by
 2.19 adding a subdivision; 354.66, subdivision 3; 354.71; 354A.011, subdivision 27;
 2.20 354A.12, subdivisions 1, 3c, by adding a subdivision; 354A.27, subdivisions 5,
 2.21 6, by adding a subdivision; 354A.31, subdivision 1; 354A.35, subdivision 1;
 2.22 354A.37, subdivisions 2, 3, 4; 354A.39; 354B.25, subdivisions 1, 3; 354C.14;
 2.23 355.095, subdivision 1; 356.214, subdivision 1; 356.215, subdivisions 3, 8;
 2.24 356.216; 356.24, subdivision 1; 356.30, subdivisions 1, 3; 356.302, subdivisions
 2.25 1, 3, 4, 5, 7; 356.303, subdivisions 2, 4; 356.315, subdivision 5; 356.351,
 2.26 subdivision 1; 356.407, subdivision 2; 356.431, subdivision 1; 356.465,
 2.27 subdivision 3; 356.47, subdivision 3; 356.50, subdivision 4; 356.64; 356.65,
 2.28 subdivision 2; 356.91; 356.96, subdivisions 2, 3, 7, 8; 356A.06, subdivision 8;
 2.29 422A.101, subdivision 3; 422A.26; 473.511, subdivision 3; 473.606, subdivision
 2.30 5; 475.52, subdivision 6; 490.123, by adding a subdivision; 518.58, subdivisions
 2.31 3, 4; Minnesota Statutes 2009 Supplement, sections 6.67; 69.011, subdivision
 2.32 1; 69.031, subdivision 5; 69.772, subdivision 6; 69.773, subdivision 6; 352.01,
 2.33 subdivision 2b; 352.75, subdivision 4; 352.95, subdivision 2; 352B.011,
 2.34 subdivision 3; 353.01, subdivisions 2, 2a, 16; 353.06; 353.27, subdivisions
 2.35 2, 3, 7; 353.33, subdivision 1; 353.371, subdivision 4; 353.65, subdivisions
 2.36 2, 3; 353F.02, subdivision 4; 353G.05, subdivision 2; 353G.06, subdivision
 2.37 1; 353G.08; 353G.09, subdivision 3; 353G.11, subdivision 1, by adding a
 2.38 subdivision; 354.42, subdivision 2; 354.47, subdivision 1; 354.49, subdivision
 2.39 2; 354.52, subdivision 4b; 354.55, subdivision 11; 354A.12, subdivision 2a;
 2.40 356.20, subdivision 2; 356.215, subdivision 11; 356.32, subdivision 2; 356.351,
 2.41 subdivision 2; 356.401, subdivision 3; 356.415, subdivisions 1, 2, by adding
 2.42 subdivisions; 356.96, subdivisions 1, 5; 423A.02, subdivision 3; 424A.01,
 2.43 subdivisions 1, 6; 424A.015, by adding a subdivision; 424A.016, subdivisions 4,
 2.44 7; 424A.02, subdivisions 9, 10; 424A.05, subdivision 3, by adding a subdivision;
 2.45 424A.08; 480.181, subdivision 2; Laws 2006, chapter 271, article 3, section 43,
 2.46 as amended; Laws 2009, chapter 169, article 4, section 49; article 5, section 2;
 2.47 article 7, section 4; proposing coding for new law in Minnesota Statutes, chapters
 2.48 352B; 353; 353G; 356; repealing Minnesota Statutes 2008, sections 13.63,
 2.49 subdivision 1; 69.011, subdivision 2a; 352.91, subdivision 5; 353.01, subdivision
 2.50 40; 353.46, subdivision 1a; 353.88; 353D.03, subdivision 2; 353D.12; 354A.27,
 2.51 subdivision 1; 354C.15; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9,
 2.52 10, 11, 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1,
 2.53 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1, 2, 3, 5, 6, 7; 422A.08,
 2.54 subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2, 2a; 422A.11;
 2.55 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151; 422A.155;
 2.56 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 422A.17; 422A.18,
 2.57 subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21; 422A.22, subdivisions
 2.58 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, 12; 422A.231;

3.1 422A.24; 422A.25; Minnesota Statutes 2009 Supplement, sections 422A.06,
3.2 subdivision 8; 422A.08, subdivision 5; 424A.001, subdivision 6; Laws 2009,
3.3 chapter 169, article 10, section 32.

3.4 May 11, 2010

3.5 The Honorable James P. Metzen
3.6 President of the Senate

3.7 The Honorable Margaret Anderson Kelliher
3.8 Speaker of the House of Representatives

3.9 We, the undersigned conferees for S.F. No. 2918 report that we have agreed upon
3.10 the items in dispute and recommend as follows:

3.11 That the House recede from its amendments and that S.F. No. 2918 be further
3.12 amended as follows:

3.13 Delete everything after the enacting clause and insert:

3.14 **"ARTICLE 1**

3.15 **FINANCIAL SUSTAINABILITY PROVISIONS**

3.16 Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:

3.17 Subd. 4. **Deferred annuities augmentation.** (a) The deferred retirement allowance
3.18 of any former legislator must be augmented as provided herein.

3.19 (b) The required reserves applicable to the deferred retirement allowance,
3.20 determined as of the date the benefit begins to accrue using an appropriate mortality table
3.21 and an interest assumption of six percent, must be augmented from the first of the month
3.22 following the termination of active service, or July 1, 1973, whichever is later, to the first
3.23 day of the month in which the allowance begins to accrue, at the following annually
3.24 compounded rate or rates:

3.25 (1) five percent until January 1, 1981;

3.26 (2) three percent from January 1, 1981, or from the first day of the month following
3.27 the termination of active service, whichever is later, until January 1 of the year in which
3.28 the former legislator attains age 55 or until January 1, 2012, whichever is earlier; ~~and~~

3.29 (3) five percent from the period end date under clause (2) ~~to~~ until the effective date
3.30 of retirement or until January 1, 2012, whichever is earlier; and

3.31 (4) two percent after December 31, 2011.

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

3.33 Sec. 2. Minnesota Statutes 2008, section 352.113, subdivision 1, is amended to read:

3.34 Subdivision 1. **Age and service requirements.** (a) An employee covered by the
3.35 system, who is less than normal retirement age and who becomes totally and permanently
3.36 disabled after three or more years of allowable service if employed before July 1, 2010, or

4.1 after five or more years of allowable service if employed after June 30, 2010, is entitled to
4.2 a disability benefit in an amount provided in subdivision 3.

4.3 (b) If the disabled employee's state service has terminated at any time, the employee
4.4 must have at least two years of allowable service after last becoming a state employee
4.5 covered by the system.

4.6 (c) Refunds may be repaid under section 352.23 before the effective accrual date of
4.7 the disability benefit under subdivision 2.

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

4.9 Sec. 3. Minnesota Statutes 2008, section 352.115, subdivision 1, is amended to read:

4.10 Subdivision 1. **Age and service requirements.** After separation from state service,
4.11 any employee (1) who has attained the age of at least 55 years and who is entitled to
4.12 credit for at least three years allowable service if employed before July 1, 2010, or after
4.13 five or more years of allowable service if employed after June 30, 2010, or (2) who has
4.14 received credit for at least 30 years allowable service regardless of age, is entitled upon
4.15 application to a retirement annuity.

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

4.17 Sec. 4. Minnesota Statutes 2008, section 352.12, subdivision 2, is amended to read:

4.18 Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has
4.19 credit for at least three years allowable service if the employee was employed before July
4.20 1, 2010, or for at least five years of allowable service if the employee was employed
4.21 after June 30, 2010, and dies before an annuity or disability benefit has become payable,
4.22 notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the
4.23 employee may elect to receive, in lieu of the refund with interest under subdivision 1, an
4.24 annuity equal to the joint and 100 percent survivor annuity which the employee or former
4.25 employee could have qualified for on the date of death.

4.26 (b) If the employee was under age 55 and has credit for at least 30 years of allowable
4.27 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
4.28 and survivor annuity based on the age of the employee and surviving spouse on the date
4.29 of death. The annuity is payable using the full early retirement reduction under section
4.30 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement
4.31 reduction from age 55 to the age payment begins.

4.32 (c) If the employee was under age 55 and has credit for at least three years of
4.33 allowable service credit on the date of death if the employee was employed before July 1,

5.1 2010, or for at least five years of allowable service if the employee was employed after
5.2 June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect
5.3 to receive a 100 percent joint and survivor annuity based on the age of the employee
5.4 and surviving spouse at the time of death. The annuity is payable using the full early
5.5 retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of
5.6 the early retirement reduction from age 55 to the age payment begins.

5.7 (d) The surviving spouse eligible for benefits under paragraph (a) may apply for the
5.8 annuity at any time after the date on which the employee or former employee would
5.9 have attained the required age for retirement based on the allowable service earned.
5.10 The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c)
5.11 may apply for the annuity at any time after the employee's death. The annuity must be
5.12 computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1,
5.13 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred
5.14 annuity or surviving spouse benefit payable under this subdivision. The annuity must cease
5.15 with the last payment received by the surviving spouse in the lifetime of the surviving
5.16 spouse, or upon expiration of a term certain benefit payment to a surviving spouse under
5.17 subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions
5.18 credited to the account of the deceased employee in excess of the total of the benefits paid
5.19 and payable to the surviving spouse must be paid to the deceased employee's or former
5.20 employee's last designated beneficiary or, if none, as specified under subdivision 1.

5.21 (e) Any employee or former employee may request in writing, with the signed
5.22 consent of the spouse, that this subdivision not apply and that payment be made only to a
5.23 designated beneficiary as otherwise provided by this chapter.

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

5.25 Sec. 5. Minnesota Statutes 2008, section 352.22, subdivision 2, is amended to read:

5.26 Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund
5.27 payable to a person who ceased to be a state employee by reason of a termination of state
5.28 service is an amount equal to employee accumulated contributions plus interest at the rate
5.29 of six percent per year compounded daily from the date that the contribution was made
5.30 until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and
5.31 at the rate of four percent per year compounded daily from the date that the contribution
5.32 was made or from July 1, 2011, whichever is later, until the date on which the refund is
5.33 paid. Included with the refund is any interest paid as part of repayment of a past refund,
5.34 plus interest thereon from the date of repayment.

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

6.2 Sec. 6. Minnesota Statutes 2008, section 352.22, subdivision 3, is amended to read:

6.3 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of
6.4 allowable service if employed before July 1, 2010, or who has at least five years of
6.5 allowable service if employed after June 30, 2010, when termination occurs may elect
6.6 to leave the accumulated contributions in the fund and thereby be entitled to a deferred
6.7 retirement annuity. The annuity must be computed under the law in effect when state
6.8 service terminated, on the basis of the allowable service credited to the person before
6.9 the termination of service.

6.10 (b) An employee on layoff or on leave of absence without pay, except a leave of
6.11 absence for health reasons, and who does not return to state service must have an annuity,
6.12 deferred annuity, or other benefit to which the employee may become entitled computed
6.13 under the law in effect on the employee's last working day.

6.14 (c) No application for a deferred annuity may be made more than 60 days before
6.15 the time the former employee reaches the required age for entitlement to the payment of
6.16 the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date
6.17 the application is filed in the office of the system, but not (1) before the date on which
6.18 the employee reaches the required age for entitlement to the annuity nor (2) before the
6.19 day following the termination of state service in a position which is not covered by the
6.20 retirement system.

6.21 (d) Application for the accumulated contributions left on deposit with the fund may
6.22 be made at any time following the date of the termination of service.

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

6.24 Sec. 7. Minnesota Statutes 2008, section 352.72, subdivision 1, is amended to read:

6.25 Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee
6.26 covered by a retirement system listed in paragraph (b) is entitled when qualified to an
6.27 annuity from each fund if total allowable service in all funds or in any two of these funds
6.28 totals three or more years if employed before July 1, 2010, or totals five or more years
6.29 if employed after June 30, 2010.

6.30 (b) This section applies to the Minnesota State Retirement System, the Public
6.31 Employees Retirement Association including the Public Employees Retirement
6.32 Association police and fire fund, the Teachers Retirement Association, the State Patrol
6.33 Retirement Association, or any other public employee retirement system in the state with
6.34 a similar provision, except as noted in paragraph (c).

7.1 (c) This section does not apply to other funds providing benefits for police officers
7.2 or firefighters.

7.3 (d) No portion of the allowable service upon which the retirement annuity from
7.4 one fund is based shall be again used in the computation for benefits from another fund.
7.5 No refund may have been taken from any one of these funds since service entitling the
7.6 employee to coverage under the system or the employee's membership in any of the
7.7 associations last terminated. The annuity from each fund must be determined by the
7.8 appropriate provisions of the law except that the requirement that a person must have at
7.9 least ~~three~~ a specific number of years of allowable service in the respective system or
7.10 association does not apply for the purposes of this section if the combined service in two
7.11 or more of these funds equals ~~three or more years~~ at least the longest period of allowable
7.12 service of any of the applicable retirement plans.

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

7.14 Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:

7.15 Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any,
7.16 accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as
7.17 provided in section 352.22, subdivision 3, on the basis of allowable service before
7.18 termination of state service and augmented as provided herein. The required reserves
7.19 applicable to a deferred annuity or to an annuity for which a former employee was eligible
7.20 but had not applied or to any deferred segment of an annuity must be determined as of
7.21 the date the benefit begins to accrue and augmented by interest compounded annually
7.22 from the first day of the month following the month in which the employee ceased to be
7.23 a state employee, or July 1, 1971, whichever is later, to the first day of the month in
7.24 which the annuity begins to accrue. The rates of interest used for this purpose must be
7.25 five percent compounded annually until January 1, 1981, and three percent compounded
7.26 annually thereafter until January 1 of the year following the year in which the former
7.27 employee attains age 55 or until January 1, 2012, whichever is earlier, and from ~~that date~~
7.28 the January 1 next following the attainment of age 55 to the effective date of retirement or
7.29 until January 1, 2012, whichever is earlier, ~~the rate is~~ five percent compounded annually if
7.30 the employee became an employee before July 1, 2006, ~~and at~~ 2.5 percent compounded
7.31 annually until January 1, 2012, if the employee becomes an employee after June 30, 2006,
7.32 and two percent compounded annually after December 31, 2011, irrespective of when the
7.33 employee became a state employee. If a person has more than one period of uninterrupted
7.34 service, the required reserves related to each period must be augmented by interest under
7.35 this subdivision. The sum of the augmented required reserves so determined is the present

8.1 value of the annuity. "Uninterrupted service" for the purpose of this subdivision means
8.2 periods of covered employment during which the employee has not been separated from
8.3 state service for more than two years. If a person repays a refund, the service restored by
8.4 the repayment must be considered continuous with the next period of service for which the
8.5 employee has credit with this system. The formula percentages used for each period of
8.6 uninterrupted service must be those applicable to a new employee. The mortality table
8.7 and interest assumption used to compute the annuity must be those in effect when the
8.8 employee files application for annuity. This section does not reduce the annuity otherwise
8.9 payable under this chapter.

8.10 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on
8.11 behalf of, a former state employee who terminated service before July 1, 1997, which is
8.12 not first payable until after June 30, 1997, must be increased on an actuarial equivalent
8.13 basis to reflect the change in the postretirement interest rate actuarial assumption under
8.14 section 356.215, subdivision 8, from five percent to six percent under a calculation
8.15 procedure and the tables adopted by the board and approved by the actuary retained under
8.16 section 356.214.

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

8.18 Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is
8.19 amended to read:

8.20 Subd. 4. **Existing deferred retirees.** Any former member of the former
8.21 Metropolitan Transit Commission-Transit Operating Division employees retirement
8.22 fund is entitled to a retirement annuity from the Minnesota State Retirement System if
8.23 the employee:

8.24 (1) is not an active employee of the Transit Operating Division of the former
8.25 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active
8.26 continuous service with the Transit Operating Division of the former Metropolitan
8.27 Transit Commission as defined by the former Metropolitan Transit Commission-Transit
8.28 Operating Division employees retirement plan document in effect on December 31, 1977;
8.29 (3) has not received a refund of contributions; (4) has not retired or begun receiving an
8.30 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating
8.31 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid
8.32 application for a retirement annuity to the executive director of the Minnesota State
8.33 Retirement System.

8.34 The person is entitled to a retirement annuity in an amount equal to the normal
8.35 old age retirement allowance calculated under the former Metropolitan Transit

9.1 Commission-Transit Operating Division employees retirement fund plan document in
9.2 effect on December 31, 1977, subject to an early retirement reduction or adjustment in
9.3 amount on account of retirement before the normal retirement age specified in that former
9.4 Metropolitan Transit Commission-Transit Operating Division employees retirement fund
9.5 plan document.

9.6 The deferred retirement annuity of any person to whom this subdivision applies
9.7 must be augmented. The required reserves applicable to the deferred retirement annuity,
9.8 determined as of the date the allowance begins to accrue using an appropriate mortality
9.9 table and an interest assumption of five percent, must be augmented by interest at the
9.10 rate of five percent per year compounded annually from January 1, 1978, to January 1,
9.11 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the
9.12 date that the annuity begins to accrue or January 1, 2012, whichever is earlier, and two
9.13 percent after December 31, 2011, to the first day of the month in which the annuity begins
9.14 to accrue. After the commencement of the retirement annuity, the annuity is eligible for
9.15 postretirement adjustments under section 356.415. On applying for a retirement annuity
9.16 under this subdivision, the person is entitled to elect a joint and survivor optional annuity
9.17 under section 352.116, subdivision 3.

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

9.19 Sec. 10. **[352.925] VESTING.**

9.20 (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit
9.21 from the correctional state employees retirement plan by having credit for sufficient
9.22 allowable service under paragraph (b) or (c), whichever applies.

9.23 (b) A member who first became a member of the correctional state employees
9.24 retirement plan before July 1, 2010, is vested when the person has accrued credit for not
9.25 less than three years of allowable service as defined under section 352.01, subdivision 11.

9.26 (c) A member who first becomes a member of the correctional state employees
9.27 retirement plan after June 30, 2010, is vested at the following percentages when the person
9.28 has accrued credited allowable service as defined under section 352.01, subdivision 11,
9.29 as follows:

9.30 (i) 50 percent after five years;

9.31 (ii) 60 percent after six years;

9.32 (iii) 70 percent after seven years;

9.33 (iv) 80 percent after eight years;

9.34 (v) 90 percent after nine years; and

9.35 (vi) 100 percent after ten years.

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

10.2 Sec. 11. Minnesota Statutes 2008, section 352.93, subdivision 1, is amended to read:

10.3 Subdivision 1. **Basis of annuity; when to apply.** After separation from state
10.4 service, an employee covered under section 352.91 who has reached age 55 years and ~~has~~
10.5 ~~credit for at least three years of covered correctional service or a combination of covered~~
10.6 ~~correctional service and general employees state retirement plan service~~ is vested under
10.7 section 352.925, is entitled upon application to a retirement annuity under this section,
10.8 based only on covered correctional employees' service. Application may be made no
10.9 earlier than 60 days before the date the employee is eligible to retire by reason of both age
10.10 and service requirements.

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

10.12 Sec. 12. Minnesota Statutes 2008, section 352.93, subdivision 2a, is amended to read:

10.13 Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at
10.14 least 50 years old and ~~who has at least three years of allowable service~~ is vested under
10.15 section 352.925, is entitled upon application to a reduced retirement annuity equal to the
10.16 annuity calculated under subdivision 2, reduced by two-tenths of one percent for each
10.17 month that the correctional employee is under age 55 at the time of retirement if first
10.18 employed as a correctional state employee before July 1, 2010, and if retired before July
10.19 1, 2015, or reduced by 0.417 percent for each month that the correctional employee is
10.20 under age 55 at the time of retirement if first employed as a correctional state employee
10.21 after June 30, 2010, or if first employed as a correctional state employee before July 1,
10.22 2010, and if retired after June 30, 2015.

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

10.24 Sec. 13. Minnesota Statutes 2008, section 352.93, subdivision 3a, is amended to read:

10.25 Subd. 3a. **Optional annuities.** The board may establish optional annuity forms to
10.26 pay a higher amount from the date of retirement until an employee is first eligible to draw
10.27 Social Security benefits, reaches age 65, or ~~up to~~ reaches the age the employee is eligible
10.28 to receive unreduced Social Security benefits, at which time the monthly benefits must be
10.29 reduced. The optional annuity forms must be actuarially equivalent to the normal single
10.30 life annuity form provided in subdivision 2. The optional annuity forms must be ~~approved~~
10.31 certified as actuarially equivalent by the actuary retained under section 356.214.

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

11.1 Sec. 14. Minnesota Statutes 2008, section 352.931, subdivision 1, is amended to read:

11.2 Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at
11.3 least age 50, ~~has credit for at least three years of allowable service~~ was vested under
11.4 section 352.925, and dies before an annuity or disability benefit has become payable,
11.5 notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the
11.6 employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1,
11.7 an annuity for life equal to the joint and 100 percent survivor annuity which the employee
11.8 could have qualified for had the employee terminated service on the date of death. The
11.9 election may be made at any time after the date of death of the employee. The surviving
11.10 spouse benefit begins to accrue as of the first of the month next following the date on
11.11 which the application for the benefit was filed.

11.12 (b) If the employee was under age 50, dies, and ~~had credit for at least three years of~~
11.13 ~~allowable service credit on the date of death~~ was vested under section 352.925, but did not
11.14 yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint
11.15 and survivor annuity based on the age of the employee and surviving spouse at the time of
11.16 death. The annuity is payable using the early retirement reduction under section 352.93,
11.17 subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the
11.18 age payment begins. The surviving spouse eligible for surviving spouse benefits under
11.19 this paragraph may apply for the annuity at any time after the employee's death. Sections
11.20 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving
11.21 spouse benefit payable under this subdivision.

11.22 (c) The annuity must cease with the last payment received by the surviving spouse
11.23 in the lifetime of the surviving spouse. Any employee may request in writing, with the
11.24 signed consent of the spouse, that this subdivision not apply and that payment be made
11.25 only to a designated beneficiary as otherwise provided by this chapter.

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

11.27 Sec. 15. Minnesota Statutes 2009 Supplement, section 352.95, subdivision 2, is
11.28 amended to read:

11.29 Subd. 2. **Regular disability; computation of benefit.** A covered correctional
11.30 employee who was hired before July 1, 2009, after rendering at least one year of covered
11.31 correctional service, or a covered correctional employee who was first hired after June 30,
11.32 2009, ~~after rendering at least three years of covered correctional plan service~~ is vested
11.33 under section 352.925, and who is determined to have a regular disability, physical or
11.34 psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular
11.35 disability benefit. The regular disability benefit must be based on covered correctional

12.1 service only. The regular disability benefit must be computed as provided in section
12.2 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional
12.3 employee who was first hired before July 1, 2009, and who is determined to have a regular
12.4 disability, physical or psychological, under this subdivision must be computed as though
12.5 the employee had at least 15 years of covered correctional service.

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

12.7 Sec. 16. Minnesota Statutes 2008, section 352B.02, as amended by Laws 2009, chapter
12.8 101, article 2, section 109; and Laws 2009, chapter 169, article 1, section 23; article 2,
12.9 section 16; and article 4, sections 3 and 4, is amended to read:

12.10 **352B.02 STATE PATROL RETIREMENT FUND.**

12.11 Subdivision 1. **Fund created; membership.** A State Patrol retirement fund
12.12 is established. Its membership consists of all persons defined in section 352B.011,
12.13 subdivision 10.

12.14 Subd. 1a. **Member contributions.** (a) The member contribution is ~~10.40 percent~~
12.15 the following percentage of the member's salary:-

12.16 (1) before the first day of the first pay
12.17 period beginning after July 1, 2011 10.40 percent
12.18 (2) on or after the first day of the first
12.19 pay period beginning after July 1, 2011 12.40 percent

12.20 (b) These contributions must be made by deduction from salary as provided in
12.21 section 352.04, subdivision 4.

12.22 Subd. 1b. **Salary deductions.** Member contribution amounts must be deducted each
12.23 pay period by the department head, who shall have the total amount of the deductions paid
12.24 to the commissioner of management and budget for deposit in the State Patrol retirement
12.25 fund, and have a detailed report of all deductions made each pay period to the executive
12.26 director of the Minnesota State Retirement System.

12.27 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
12.28 department heads shall pay a sum equal to ~~15.60 percent~~ the specified percentage of the
12.29 salary upon which deductions were made, which constitutes the employer contribution
12.30 to the fund- as follows:

12.31 (1) before the first day of the first pay
12.32 period beginning after July 1, 2011 15.60 percent
12.33 (2) on or after the first day of the first
12.34 pay period beginning after July 1, 2011 18.60 percent

12.35 (b) Department contributions must be paid out of money appropriated to departments
12.36 for this purpose.

13.1 Subd. 1d. **Fund revenue and expenses.** The amounts provided for in this section
13.2 must be credited to the State Patrol retirement fund. All money received must be deposited
13.3 by the commissioner of management and budget in the State Patrol retirement fund. The
13.4 fund must be used to pay the administrative expenses of the retirement fund, and the
13.5 benefits and annuities provided in this chapter.

13.6 Subd. 1e. **Audit; actuarial valuation.** (a) The legislative auditor shall audit the
13.7 fund.

13.8 (b) Any actuarial valuation of the fund required under section 356.215 must be
13.9 prepared by the actuary retained under section 356.214.

13.10 (c) Any approved actuary retained by the executive director under section 352.03,
13.11 subdivision 6, may perform actuarial valuations and experience studies to supplement
13.12 those performed by the actuary retained under section 356.214. Any supplemental
13.13 actuarial valuation or experience studies must be filed with the executive director of the
13.14 Legislative Commission on Pensions and Retirement.

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

13.16 Sec. 17. Minnesota Statutes 2008, section 352B.08, subdivision 1, is amended to read:

13.17 Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is
13.18 credited with three or more years of allowable service if first employed before July 1,
13.19 2010, or with at least five years of allowable service if first employed after June 30, 2010,
13.20 is entitled to separate from state service and upon becoming 50 years old, is entitled to
13.21 receive a life annuity, upon separation from state service.

13.22 (b) Members ~~shall~~ must apply for an annuity in a form and manner prescribed by the
13.23 executive director.

13.24 (c) No application may be made more than 90 days before the date the member is
13.25 eligible to retire by reason of both age and service requirements.

13.26 (d) An annuity begins to accrue no earlier than 180 days before the date the
13.27 application is filed with the executive director.

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

13.29 Sec. 18. Minnesota Statutes 2008, section 352B.08, subdivision 2a, is amended to read:

13.30 Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and
13.31 who has at least three years of allowable service if first employed before July 1, 2010, or
13.32 who has at least five years of allowable service if first employed after June 30, 2010, is
13.33 entitled upon application to a reduced retirement annuity equal to the annuity calculated

14.1 under subdivision 2, reduced by one-tenth of one percent for each month that the member
14.2 is under age 55 at the time of retirement if first employed before July 1, 2010, or reduced
14.3 by two-tenths of one percent for each month that the member is under age 55 at the time of
14.4 retirement if first employed after June 30, 2010.

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

14.6 Sec. 19. Minnesota Statutes 2008, section 352B.11, subdivision 2b, is amended to read:

14.7 Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or
14.8 more years of allowable service if first employed before July 1, 2010, or with at least five
14.9 years of allowable service if first employed after June 30, 2010, dies before attaining age
14.10 55, the surviving spouse is entitled to the benefit specified in subdivision 2c, paragraph (b).

14.11 (b) If an active member with less than three years of allowable service if first
14.12 employed before July 1, 2010, or with fewer than five years of allowable service if first
14.13 employed after June 30, 2010, dies at any age, the surviving spouse is entitled to receive
14.14 the benefit specified in subdivision 2c, paragraph (c).

14.15 (c) If an active member with three or more years of allowable service if first
14.16 employed before July 1, 2010, or with at least five years of allowable service if first
14.17 employed after June 30, 2010, dies on or after attaining exact age 55, the surviving spouse
14.18 is entitled to receive the benefits specified in subdivision 2c, paragraph (d).

14.19 (d) If a disabilitant dies while receiving a disability benefit under section 352B.10 or
14.20 before the benefit under that section commenced, and an optional annuity was not elected
14.21 under section 352B.10, subdivision 5, the surviving spouse is entitled to receive the benefit
14.22 specified in subdivision 2c, paragraph (b).

14.23 (e) If a former member with three or more years of allowable service if first
14.24 employed before July 1, 2010, or with at least five years of allowable service if first
14.25 employed after June 30, 2010, who terminated from service and has not received a refund
14.26 or commenced receipt of any other benefit provided by this chapter, dies, the surviving
14.27 spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (e).

14.28 (f) If a former member with less than three years of allowable service if first
14.29 employed before July 1, 2010, or with fewer than five years of allowable service if first
14.30 employed after June 30, 2010, who terminated from service and has not received a refund
14.31 or commenced receipt of any other benefit, if applicable, provided by this chapter, dies, the
14.32 surviving spouse is entitled to receive the refund specified in subdivision 2c, paragraph (f).

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

15.1 Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 1, is amended to read:

15.2 Subdivision 1. **Entitlement to annuity.** Any person who has been an employee
15.3 covered by the Minnesota State Retirement System, or a member of the Public Employees
15.4 Retirement Association including the Public Employees Retirement Association Police
15.5 and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund,
15.6 or any other public employee retirement system in Minnesota having a like provision but
15.7 excluding all other funds providing benefits for police or firefighters is entitled when
15.8 qualified to an annuity from each fund if total allowable service in all funds or in any two
15.9 of these funds totals ~~three or more~~ the number of years of allowable service required by
15.10 the applicable retirement plan with the longest vesting period for the person. No part of
15.11 the allowable service upon which the retirement annuity from one fund is based may
15.12 again be used in the computation for benefits from another fund. The member must not
15.13 have taken a refund from any one of these funds since service entitling the member to
15.14 coverage under the system or membership in any of the associations last terminated.
15.15 The annuity from each fund must be determined by the appropriate law except that the
15.16 requirement that a person must have at least ~~three~~ a specific number of years allowable
15.17 service in the respective system or association does not apply for the purposes of this
15.18 section if the combined service in two or more of these funds equals ~~three or more~~ the
15.19 number of years of allowable service required by the applicable retirement plan with
15.20 the longest vesting period for the person.

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

15.22 Sec. 21. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:

15.23 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed
15.24 according to this chapter on the basis of allowable service before termination of service
15.25 and augmented as provided in this chapter. The required reserves applicable to a deferred
15.26 annuity must be augmented by interest compounded annually from the first day of the
15.27 month following the month in which the member terminated service, or July 1, 1971,
15.28 whichever is later, to the first day of the month in which the annuity begins to accrue. The
15.29 rates of interest used for this purpose ~~shall~~ must be five percent per year compounded
15.30 annually until January 1, 1981, ~~and after that date~~ three percent per year compounded
15.31 annually after January 1, 1981, until January 1, 2012, if the employee became an employee
15.32 before July 1, 2006, ~~and at~~ 2.5 percent compounded annually if the employee becomes
15.33 an employee after June 30, 2006, and two percent per year compounded annually after
15.34 December 31, 2011, irrespective of when the employee was first employed. The mortality

16.1 table and interest assumption used to compute the annuity ~~shall~~ must be those in effect
16.2 when the member files application for annuity.

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

16.4 Sec. 22. Minnesota Statutes 2008, section 352F.07, is amended to read:

16.5 **352F.07 EFFECT ON REFUND.**

16.6 Notwithstanding any provision of chapter 352 to the contrary, terminated hospital
16.7 employees may receive a refund of employee accumulated contributions plus interest
16.8 ~~at the rate of six percent per year compounded annually~~ in accordance with ~~Minnesota~~
16.9 ~~Statutes 1994~~, section 352.22, subdivision 2, at any time after the transfer of employment
16.10 to Fairview, University of Minnesota Physicians, or University Affiliated Family
16.11 Physicians. If a terminated hospital employee has received a refund from a pension plan
16.12 enumerated in section 356.30, subdivision 3, the person may not repay that refund unless
16.13 the person again becomes a member of one of those enumerated plans and complies
16.14 with section 356.30, subdivision 2.

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

16.16 Sec. 23. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
16.17 to read:

16.18 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement
16.19 to an annuity or benefit from a retirement plan administered by the Public Employees
16.20 Retirement Association by having credit for sufficient allowable service under paragraph
16.21 (b) or (c), whichever applies.

16.22 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
16.23 member of the general employees retirement plan of the Public Employees Retirement
16.24 Association:

16.25 (1) a member who first became a public employee before July 1, 2010, is vested
16.26 when the person has accrued credit for not less than three years of allowable service as
16.27 defined under subdivision 16; and

16.28 (2) a member who first becomes a public employee after June 30, 2010, is vested
16.29 when the person has accrued credit for not less than five years of allowable service
16.30 as defined under subdivision 16.

16.31 (c) For purposes of qualifying for an annuity or benefit as a member of the police
16.32 and fire plan or a member of the local government correctional employees retirement plan:

17.1 (1) a member who first became a public employee before July 1, 2010, is vested
17.2 when the person has accrued credit for not less than three years of allowable service as
17.3 defined under subdivision 16; and

17.4 (2) a member who first becomes a public employee after June 30, 2010, is vested
17.5 at the following percentages when the person has accrued credited allowable service as
17.6 defined under subdivision 16, as follows:

17.7 (i) 50 percent after five years;

17.8 (ii) 60 percent after six years;

17.9 (iii) 70 percent after seven years;

17.10 (iv) 80 percent after eight years;

17.11 (v) 90 percent after nine years; and

17.12 (vi) 100 percent after ten years.

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

17.14 Sec. 24. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is
17.15 amended to read:

17.16 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
17.17 contribution is 9.10 percent of salary. For a coordinated member, the employee
17.18 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
17.19 adjustment under subdivision 3b~~;~~:

17.20 Effective before January 1, 2011 6.00

17.21 Effective after December 31, 2010 6.25

17.22 (b) These contributions must be made by deduction from salary as defined in section
17.23 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
17.24 member's salary is paid from other than public funds, the member's employee contribution
17.25 must be based on the total salary received by the member from all sources.

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

17.27 Sec. 25. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is
17.28 amended to read:

17.29 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
17.30 contribution is 9.10 percent of salary. For a coordinated member, the employer
17.31 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
17.32 adjustment under subdivision 3b~~;~~:

18.1	<u>Effective before January 1, 2011</u>	<u>6.00</u>
18.2	<u>Effective after December 31, 2010</u>	<u>6.25</u>

18.3 (b) This contribution must be made from funds available to the employing
18.4 subdivision by the means and in the manner provided in section 353.28.

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

18.6 Sec. 26. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

18.7 Subd. 3b. **Change in employee and employer contributions in certain instances.**

18.8 (a) For purposes of this section:

18.9 (1) a contribution sufficiency exists if the total of the employee contribution under
18.10 subdivision 2, the employer contribution under subdivision 3, the additional employer
18.11 contribution under subdivision 3a, and any additional contribution previously imposed
18.12 under this subdivision exceeds the total of the normal cost, the administrative expenses,
18.13 and the amortization contribution of the retirement plan as reported in the most recent
18.14 actuarial valuation of the retirement plan prepared by the actuary retained under section
18.15 356.214 and prepared under section 356.215 and the standards for actuarial work of the
18.16 Legislative Commission on Pensions and Retirement. ~~For purposes of this section;~~ and

18.17 (2) a contribution deficiency exists if the total of the employee contributions under
18.18 subdivision 2, the employer contributions under subdivision 3, the additional employer
18.19 contribution under subdivision 3a, and any additional contribution previously imposed
18.20 under this subdivision is less than the total of the normal cost, the administrative expenses,
18.21 and the amortization contribution of the retirement plan as reported in the most recent
18.22 actuarial valuation of the retirement plan prepared by the actuary retained under section
18.23 356.214 and prepared under section 356.215 and the standards for actuarial work of the
18.24 Legislative Commission on Pensions and Retirement.

18.25 (b) Employee and employer contributions under subdivisions 2 and 3 must be
18.26 adjusted:

18.27 (1) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the
18.28 general employees retirement plan of the Public Employees Retirement Association under
18.29 section 356.215 ~~indicate~~ indicates that there is a contribution sufficiency under paragraph
18.30 (a) ~~equal to or~~ greater than 0.5 one percent of covered payroll and that the sufficiency
18.31 has existed for at least two consecutive years, the coordinated program employee and
18.32 employer contribution rates must be decreased as determined under paragraph (c) to a
18.33 level such that the sufficiency ~~equals~~ is no more greater than 0.25 one percent of covered
18.34 payroll based on the most recent actuarial valuation; or

19.1 (2) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the
19.2 general employees retirement plan of the Public Employees Retirement Association under
19.3 section 356.215 ~~indicate~~ indicates that there is a contribution deficiency equal to or greater
19.4 than 0.5 percent of covered payroll and that the deficiency has existed for at least two
19.5 consecutive years, the coordinated program employee and employer contribution rates
19.6 must be increased as determined under paragraph ~~(e)~~ (d) to a level such that no deficiency
19.7 exists based on the most recent actuarial valuation.

19.8 ~~(c) The contribution rate increase or decrease must be determined by the executive~~
19.9 ~~director of the Public Employees Retirement Association, must be reported to the chair~~
19.10 ~~and the executive director of the Legislative Commission on Pensions and Retirement~~
19.11 ~~on or before the next February 1, and, if the Legislative Commission on Pensions and~~
19.12 ~~Retirement does not recommend against the rate change or does not recommend a~~
19.13 ~~modification in the rate change, is effective on the next July 1 following the determination~~
19.14 ~~by the executive director that a contribution deficiency or sufficiency has existed for~~
19.15 ~~two consecutive fiscal years based on the most recent actuarial valuations under section~~
19.16 ~~356.215. If the actuarially required contribution exceeds or is less than the total support~~
19.17 ~~provided by the combined employee and employer contribution rates under subdivisions~~
19.18 ~~2, 3, and 3a, by more than 0.5 one percent of covered payroll, the coordinated program~~
19.19 ~~employee and employer contribution rates under subdivisions 2 and 3 must be adjusted~~
19.20 ~~decreased incrementally over one or more years by no more than 0.25 percent of pay each~~
19.21 ~~for employee and employer matching contribution rates to a level such that there remains~~
19.22 ~~a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No~~
19.23 ~~contribution rate decrease may be made until at least two years have elapsed since any~~
19.24 ~~adjustment under this subdivision has been fully implemented.~~

19.25 ~~(d) No~~ If the actuarially required contribution exceeds the total support provided
19.26 by the combined employee and employer contribution rates under subdivisions 2, 3, and
19.27 3a, the employee and matching employer contribution rates must be increased equally to
19.28 eliminate that contribution deficiency. If the contribution deficiency is:

19.29 (1) less than two percent, the incremental ~~adjustment~~ increase may ~~exceed~~ be up
19.30 to 0.25 percent for either the ~~coordinated program~~ employee and matching employer
19.31 contribution rates per year in which any adjustment is implemented. A contribution rate
19.32 adjustment under this subdivision must not be made until at least two years have passed
19.33 since fully implementing a previous adjustment under this subdivision.

19.34 (2) greater than 1.99 percent and less than 4.01 percent, the incremental increase
19.35 may be up to 0.5 percent for the employee and matching employer contribution rates; or

20.1 (3) greater than four percent, the incremental increase may be up to 0.75 percent for
20.2 the employee and matching employer contribution.

20.3 (e) Any recommended adjustment to the contribution rates must be reported
20.4 to the chair and the executive director of the Legislative Commission on Pensions
20.5 and Retirement by January 15 following receipt of the most recent annual actuarial
20.6 valuation prepared under section 356.215. If the Legislative Commission on Pensions
20.7 and Retirement does not recommend against the rate change or does not recommend a
20.8 modification in the rate change, the recommended adjustment becomes effective on the
20.9 first day of the first full payroll period in the fiscal year following receipt of the most
20.10 recent actuarial valuation that gave rise to the adjustment.

20.11 (f) A contribution sufficiency of up to one percent of covered payroll must be held in
20.12 reserve to be used to offset any future actuarially required contributions that are more than
20.13 the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

20.14 (g) Before any reduction in contributions to eliminate a sufficiency in excess of one
20.15 percent of covered pay may be recommended, the executive director must review any
20.16 need for a change in actuarial assumptions, as recommended by the actuary retained under
20.17 section 356.214 in the most recent experience study of the general employees retirement
20.18 plan prepared under section 356.215 and the standards for actuarial work promulgated by
20.19 the Legislative Commission on Pensions and Retirement that may result in an increase
20.20 in the actuarially required contribution and must report to the Legislative Commission
20.21 on Pensions and Retirement any recommendation by the board to use the sufficiency
20.22 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
20.23 change recommended by the actuary retained under section 356.214, subdivision 1, and
20.24 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

20.25 (h) No contribution sufficiency in excess of one percent of covered pay may be
20.26 proposed to be used to increase benefits, and no benefit increase may be proposed that
20.27 would initiate an automatic adjustment to increase contributions under this subdivision.
20.28 Any proposed benefit improvement must include a recommendation, prepared by the
20.29 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary
20.30 retained by the Legislative Commission on Pensions and Retirement as provided under
20.31 section 356.214, subdivision 4, on how the benefit modification will be funded.

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

20.33 Sec. 27. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

20.34 Subdivision 1. **Age and allowable service requirements.** Upon termination of
20.35 membership, a person who has attained normal retirement age and who ~~received credit for~~

21.1 ~~not less than three years of allowable service~~ is vested under section 353.01, subdivision
21.2 47, is entitled upon application to a retirement annuity. The retirement annuity is known
21.3 as the "normal" retirement annuity.

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

21.5 Sec. 28. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

21.6 Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of
21.7 public service, a person who first became a public employee or a member of a pension
21.8 fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least
21.9 55 years old but not normal retirement age, and ~~has received credit for at least three years~~
21.10 ~~of allowable service~~ is vested under section 353.01, subdivision 47, is entitled, upon
21.11 application, to a retirement annuity in an amount equal to the normal annuity provided in
21.12 section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for
21.13 each month that the member is under normal retirement age at the time of retirement.

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

21.15 Sec. 29. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

21.16 Subdivision 1. **Before retirement.** If a member or former member who terminated
21.17 public service dies before retirement or before receiving any retirement annuity and no
21.18 other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~
21.19 is payable to the designated beneficiary or, if there be none, to the surviving spouse,
21.20 or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund ~~shall~~
21.21 must be in an amount equal to accumulated deductions plus annual compound interest
21.22 thereon at the rate ~~of six percent per annum compounded annually~~ specified in section
21.23 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that
21.24 may have been paid by the fund; provided that a survivor who has a right to benefits
21.25 pursuant to ~~under~~ section 353.31 may waive such benefits in writing, except such benefits
21.26 for a dependent child under the age of 18 years may only be waived ~~pursuant to~~ under an
21.27 order of the district court.

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

21.29 Sec. 30. Minnesota Statutes 2008, section 353.32, subdivision 1a, is amended to read:

21.30 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
21.31 who ~~has credit for not less than three years of allowable service~~ is vested under section
21.32 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to

22.1 accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any
22.2 designation of beneficiary to the contrary, the surviving spouse may elect to receive,
22.3 instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise
22.4 payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity
22.5 computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

22.6 (b) If a member first became a public employee or a member of a pension fund listed
22.7 in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years
22.8 of allowable service on the date of death, the surviving spouse may elect to receive a
22.9 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,
22.10 except that the early retirement reduction under that provision will be applied from age
22.11 62 back to age 55 and one-half of the early retirement reduction from age 55 back to
22.12 the age payment begins.

22.13 (c) If a member who was under age 55 and ~~has credit for at least three years of~~
22.14 ~~allowable service~~ who is vested under section 353.01, subdivision 47, dies, but did not
22.15 qualify for retirement on the date of death, the surviving spouse may elect to receive a
22.16 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or
22.17 5, as applicable, except that the early retirement reduction specified in the applicable
22.18 subdivision will be applied to age 55 and one-half of the early retirement reduction from
22.19 age 55 back to the age payment begins.

22.20 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
22.21 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
22.22 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
22.23 with the association. If there is no surviving spouse or child or children, a former spouse
22.24 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
22.25 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
22.26 the terms of a marriage dissolution decree filed with the association.

22.27 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
22.28 may apply for the annuity at any time after the date on which the deceased employee
22.29 would have attained the required age for retirement based on the employee's allowable
22.30 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or
22.31 (c) may apply for an annuity any time after the member's death.

22.32 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
22.33 annuity or surviving spouse benefit payable under this subdivision.

22.34 (g) An amount equal to any excess of the accumulated contributions that were
22.35 credited to the account of the deceased employee over and above the total of the annuities
22.36 paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

23.1 (h) A member may specify in writing, with the signed consent of the spouse, that
23.2 this subdivision does not apply and that payment may be made only to the designated
23.3 beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse
23.4 annuity under this section does not make a dependent child eligible for benefits under
23.5 subdivision 1c.

23.6 (i) If the deceased member or former member first became a public employee or a
23.7 member of a public pension plan listed in section 356.30, subdivision 3, on or after July
23.8 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as
23.9 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
23.10 specified in paragraph (c), if paragraph (c) is the applicable provision.

23.11 (j) For any survivor annuity determined under this subdivision, the payment is to be
23.12 based on the total allowable service that the member had accrued as of the date of death
23.13 and the age of the member and surviving spouse on that date.

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

23.15 Sec. 31. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is
23.16 amended to read:

23.17 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or
23.18 basic member who ~~has at least three years of allowable service~~ is vested under section
23.19 353.01, subdivision 47, and who becomes totally and permanently disabled before normal
23.20 retirement age, upon application as defined under section 353.031, is entitled to a disability
23.21 benefit in an amount determined under subdivision 3.

23.22 (b) If the disabled person's public service has terminated at any time, at least two of
23.23 the ~~required three~~ years of allowable service required to be vested under section 353.01,
23.24 subdivision 47, must have been rendered after last becoming an active member.

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

23.26 Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

23.27 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to
23.28 either a refund of accumulated employee deductions under subdivision 2, or to a deferred
23.29 annuity under subdivision 3. Application for a refund may not be made before the date of
23.30 termination of public service. Except as specified in paragraph (b), a refund must be paid
23.31 within 120 days following receipt of the application unless the applicant has again become
23.32 a public employee required to be covered by the association.

24.1 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
24.2 a refund is not payable before termination of service under section 353.01, subdivision 11a.

24.3 (c) An individual who terminates public service covered by the Public Employees
24.4 Retirement Association general employees retirement plan, the Public Employees
24.5 Retirement Association police and fire retirement plan, or the public employees local
24.6 government ~~corrections~~ correctional service retirement plan, and who is employed by a
24.7 different employer and who becomes an active member covered by one of the other two
24.8 plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound
24.9 interest ~~compounded annually~~ from the plan from which the member terminated service at
24.10 the applicable rate specified in subdivision 2.

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

24.12 Sec. 33. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

24.13 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person
24.14 who ceases to be a public employee ~~shall~~ is entitled to receive a refund in an amount equal
24.15 to accumulated deductions with annual compound interest to the first day of the month
24.16 in which the refund is processed ~~at the rate of six percent compounded annually based~~
24.17 ~~on fiscal year balances.~~

24.18 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
24.19 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
24.20 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
24.21 refund interest is at the rate of four percent.

24.22 (c) If a person repays a refund and subsequently applies for another refund, the
24.23 repayment amount, including interest, is added to the fiscal year balance in which the
24.24 repayment was made.

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

24.26 Sec. 34. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

24.27 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member ~~with at least~~
24.28 ~~three years of allowable service~~ who is vested under section 353.01, subdivision 47, when
24.29 termination of public service or termination of membership occurs has the option of
24.30 leaving the accumulated deductions in the fund and being entitled to a deferred retirement
24.31 annuity commencing at normal retirement age or to a deferred early retirement annuity
24.32 under section 353.30, subdivision 1a, 1b, 1c, or 5.

25.1 **(b)** The deferred annuity must be computed under section 353.29, subdivision 3, on
25.2 the basis of the law in effect on the date of termination of public service or termination of
25.3 membership, whichever is earlier, and must be augmented as provided in section 353.71,
25.4 subdivision 2.

25.5 **(c)** A former member qualified to apply for a deferred retirement annuity may
25.6 revoke this option at any time before the commencement of deferred annuity payments
25.7 by making application for a refund. The person is entitled to a refund of accumulated
25.8 member contributions within 30 days following date of receipt of the application by the
25.9 executive director.

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

25.11 Sec. 35. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is
25.12 amended to read:

25.13 Subd. 2. **Employee contribution.** The employee contribution is 9.4 percent of the
25.14 salary of the member in calendar year 2010 and is 9.6 percent of the salary of the member
25.15 in each calendar year after 2010. This contribution must be made by deduction from
25.16 salary in the manner provided in subdivision 4. Where any portion of a member's salary
25.17 is paid from other than public funds, the member's employee contribution is based on
25.18 the total salary received from all sources.

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

25.20 Sec. 36. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is
25.21 amended to read:

25.22 Subd. 3. **Employer contribution.** The employer contribution is 14.1 percent of the
25.23 salary of the member in calendar year 2010 and is 14.4 percent of the salary of the member
25.24 in each calendar year after 2010. This contribution must be made from funds available to
25.25 the employing subdivision by the means and in the manner provided in section 353.28.

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

25.27 Sec. 37. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

25.28 Subdivision 1. **Age and allowable service requirements.** Upon separation from
25.29 public service, any police officer or firefighter member who has attained the age of at
25.30 least 55 years and who ~~received credit for not less than three years of allowable service~~
25.31 is vested under section 353.01, subdivision 47, is entitled upon application to a retirement
25.32 annuity. ~~Such retirement annuity is,~~ known as the "normal" retirement annuity.

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

26.2 Sec. 38. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

26.3 Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan
26.4 member after June 30, 2007, or a former member who is reinstated as a member of the
26.5 plan after that date, who is at least 50 years of age ~~with at least three years of allowable~~
26.6 ~~service~~ and who is vested under section 353.01, subdivision 47, upon the termination of
26.7 public service is entitled upon application to a retirement annuity equal to the normal
26.8 annuity calculated under subdivision 3, reduced by two-tenths of one percent for each
26.9 month that the member is under age 55 at the time of retirement.

26.10 (b) Upon the termination of public service, any police and fire plan member not
26.11 specified in paragraph (a), upon attaining at least 50 years of age with at least three years
26.12 of allowable service is entitled upon application to a retirement annuity equal to the
26.13 normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for
26.14 each month that the member is under age 55 at the time of retirement.

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

26.16 Sec. 39. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

26.17 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
26.18 fund dies from any cause before retirement or before becoming disabled and receiving
26.19 disability benefits, the association shall grant survivor benefits to a surviving spouse, as
26.20 defined in section 353.01, subdivision 20, and to a dependent child or children, as defined
26.21 in section 353.01, subdivision 15, except that if the death is not a line of duty death, the
26.22 member must ~~have accrued at least three years of credited service~~ be vested under section
26.23 353.01, subdivision 47.

26.24 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
26.25 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
26.26 stipulated under the terms of a marriage dissolution decree filed with the association. If
26.27 there is no surviving spouse or child or children, a former spouse may be entitled to
26.28 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
26.29 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
26.30 of a marriage dissolution decree filed with the association.

26.31 (c) The spouse and child or children are entitled to monthly benefits as provided in
26.32 subdivisions 2 to 4.

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

27.1 Sec. 40. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

27.2 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
27.3 who has attained the age of at least 50 years and ~~has credit for not less than three years~~
27.4 ~~allowable service~~ either who is vested under section 353.01, subdivision 47, or who has
27.5 credit for at least 30 years of allowable service, regardless of age attained, dies before
27.6 the annuity or disability benefit becomes payable, notwithstanding any designation of
27.7 beneficiary to the contrary, the surviving spouse may elect to receive a death while
27.8 eligible survivor benefit.

27.9 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
27.10 20, a former spouse of the member, if any, is entitled to a portion of the death while
27.11 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
27.12 filed with the association. If there is no surviving spouse or child or children, a former
27.13 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
27.14 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
27.15 benefit despite the terms of a marriage dissolution decree filed with the association.

27.16 (c) The benefit may be elected instead of a refund with interest under section 353.32,
27.17 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
27.18 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity
27.19 which the member could have qualified for on the date of death, computed as provided in
27.20 sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3.

27.21 (d) The surviving spouse may apply for the annuity at any time after the date
27.22 on which the deceased employee would have attained the required age for retirement
27.23 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
27.24 subdivision 2, apply to a deferred annuity payable under this subdivision.

27.25 (e) No payment accrues beyond the end of the month in which entitlement to
27.26 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
27.27 contributions which were credited to the account of the deceased employee over and
27.28 above the total of the annuities paid and payable to the surviving spouse must be paid to
27.29 the deceased member's last designated beneficiary or, if none, to the legal representative of
27.30 the estate of such deceased member.

27.31 (f) Any member may request in writing, with the signed consent of the spouse, that
27.32 this subdivision not apply and that payment be made only to the designated beneficiary, as
27.33 otherwise provided by this chapter.

27.34 (g) For a member who is employed as a full-time firefighter by the Department of
27.35 Military Affairs of the state of Minnesota, allowable service as a full-time state Military

28.1 Affairs Department firefighter credited by the Minnesota State Retirement System may be
28.2 used in meeting the minimum allowable service requirement of this subdivision.

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

28.4 Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

28.5 Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit
28.6 retirement plan administered by the Public Employees Retirement Association, or a
28.7 retirement plan administered by the Minnesota State Retirement System, or the Teachers
28.8 Retirement Association, or any other public retirement system in the state of Minnesota
28.9 having a like provision, except a ~~fund~~ retirement plan providing benefits for police officers
28.10 or firefighters governed by sections 69.77 or 69.771 to 69.776, ~~shall be~~ is entitled, when
28.11 qualified, to an annuity from each ~~fund~~ retirement plan if the total allowable service in all
28.12 ~~funds~~ retirement plans or in any two of these ~~funds~~ retirement plans totals ~~three or more~~
28.13 ~~years~~ the number of years of allowable service required to receive a normal retirement
28.14 annuity for that retirement plan, provided that no portion of the allowable service upon
28.15 which the retirement annuity from one ~~fund~~ retirement plan is based is again used in the
28.16 computation for benefits from another ~~fund~~ retirement plan and provided further that the
28.17 person has not taken a refund from any one of these ~~funds~~ retirement plans since the
28.18 person's membership in that association or system last terminated. The annuity from
28.19 each fund ~~shall~~ must be determined by the appropriate provisions of the law except that
28.20 the requirement that a person must have at least ~~three years~~ a specific minimum period
28.21 of allowable service in the respective association or system ~~shall~~ does not apply for the
28.22 purposes of this section provided if the combined service in two or more of these ~~funds~~
28.23 retirement plans equals ~~three or more~~ the number of years of allowable service required to
28.24 receive a normal retirement annuity for that retirement plan.

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

28.26 Sec. 42. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

28.27 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity
28.28 accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68,
28.29 subdivision 4, must be computed on the basis of allowable service prior to the termination
28.30 of public service and augmented as provided in this ~~paragraph~~ subdivision. The required
28.31 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must
28.32 be determined as of the first day of the month following the month in which the former
28.33 member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

29.1 (b) For a person who became a public employee before July 1, 2006, whose period
29.2 of deferral began after June 30, 1971, and who terminated public employment before
29.3 January 1, 2012, the required reserves of the deferred annuity must be augmented at
29.4 the following applicable rate ~~of~~ or rates:

29.5 (1) five percent ~~annually compounded annually~~ annual compound interest until
29.6 January 1, 1981, ~~and at the rate of~~

29.7 (2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until
29.8 the earlier of December 31, 2011, or after the date of the termination of public service or
29.9 the termination of membership, whichever is later, until January 1 of the year following
29.10 the year in which the former member attains age 55 ~~and~~

29.11 (3) five percent annual compound interest from ~~that date to the effective date of~~
29.12 ~~retirement, the rate is five percent compounded annually if the employee became an~~
29.13 ~~employee before July 1, 2006, and at 2.5 percent compounded annually if the employee~~
29.14 ~~becomes an~~ January 1 of the year following the year in which the former member attains
29.15 age 55, or until December 31, 2011, whichever is earlier; and

29.16 (4) one percent annual compound interest from January 1, 2012.

29.17 (c) For a person who became a public employee after June 30, 2006, and who
29.18 terminated public employment before January 1, 2012, the required reserves of the
29.19 deferred annuity must be augmented at 2.5 percent annual compound interest from the date
29.20 of termination of public service or termination of membership, whichever is earlier, until
29.21 December 31, 2011, and one percent annual compound interest after December 31, 2011.

29.22 (d) For a person who terminates public employment after December 31, 2011, the
29.23 required reserves of the deferred annuity must not be augmented.

29.24 (e) If a person has more than one period of uninterrupted service, the required
29.25 reserves related to each period must be augmented as specified in this paragraph. The sum
29.26 of the augmented required reserves is the present value of the annuity. Uninterrupted
29.27 service for the purpose of this subdivision means periods of covered employment during
29.28 which the employee has not been separated from public service for more than two years.
29.29 If a person repays a refund, the restored service must be considered as continuous with the
29.30 next period of service for which the employee has credit with this association. This section
29.31 must not reduce the annuity otherwise payable under this chapter. This paragraph applies
29.32 to individuals who become deferred annuitants on or after July 1, 1971. For a member
29.33 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,
29.34 1971, if the former active member applies for an annuity after July 1, 1973.

29.35 ~~(b)~~ (f) The retirement annuity or disability benefit of, or the survivor benefit payable
29.36 on behalf of, a former member who terminated service before July 1, 1997, or the

30.1 survivor benefit payable on behalf of a basic or police and fire member who was receiving
30.2 disability benefits before July 1, 1997, which is first payable after June 30, 1997, must
30.3 be increased on an actuarial equivalent basis to reflect the change in the postretirement
30.4 interest rate actuarial assumption under section 356.215, subdivision 8, from five percent
30.5 to six percent under a calculation procedure and tables adopted by the board and approved
30.6 by the actuary retained under section 356.214.

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

30.8 Sec. 43. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

30.9 Subdivision 1. **Eligibility requirements.** After termination of public employment,
30.10 an employee covered under section 353E.02 who has attained the age of at least 55 years
30.11 and ~~has credit for not less than three years of coverage~~ who is vested under section
30.12 353.01, subdivision 47, in the local government correctional service plan is entitled, upon
30.13 application, to a normal retirement annuity. Instead of a normal retirement annuity, a
30.14 retiring employee may elect to receive the optional annuity provided in section 353.30,
30.15 subdivision 3.

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

30.17 Sec. 44. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

30.18 Subd. 4. **Early retirement.** An employee covered under section 353E.02 who has
30.19 attained the age of at least 50 years and ~~has credit for not less than three years of coverage~~
30.20 who is vested under section 353.01, subdivision 47, in the local government correctional
30.21 service plan is entitled, upon application, to a reduced retirement annuity equal to the
30.22 annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial
30.23 equivalent of the annuity that would be payable if the employee deferred receipt of the
30.24 annuity from the day the annuity begins to accrue until age 55.

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

30.26 Sec. 45. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

30.27 Subdivision 1. **Member at least age 50.** If a member or former member of the local
30.28 government correctional service retirement plan who has attained the age of at least 50
30.29 years and ~~has credit for not less than three years of allowable service~~ who is vested under
30.30 section 353.01, subdivision 47, dies before the annuity or disability benefit has become
30.31 payable, notwithstanding any designation of beneficiary to the contrary, the surviving
30.32 spouse may elect to receive, in lieu of a refund with interest provided in section 353.32,

31.1 subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor
31.2 annuity for which the member could have qualified had the member terminated service
31.3 on the date of death.

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

31.5 Sec. 46. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

31.6 Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had~~
31.7 ~~credit for not less than three years of allowable service~~ was vested under section 353.01,
31.8 subdivision 47, on the date of death but did not yet qualify for retirement, the surviving
31.9 spouse may elect to receive a 100 percent joint and survivor annuity based on the age
31.10 of the employee and the surviving spouse at the time of death. The annuity is payable
31.11 using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and
31.12 one-half the early retirement reduction from age 50 to the age payment begins. Sections
31.13 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving
31.14 spouse benefit payable under this subdivision.

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

31.16 Sec. 47. Minnesota Statutes 2008, section 353F.03, is amended to read:

31.17 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

31.18 Notwithstanding any provision of chapter 353 to the contrary, a terminated medical
31.19 facility or other public employing unit employee is eligible to receive a retirement annuity
31.20 under section 353.29 of the edition of Minnesota Statutes published in the year before the
31.21 year in which the privatization occurred, without regard to the requirement ~~for three years~~
31.22 ~~of allowable service~~ specified in section 353.01, subdivision 47.

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

31.24 Sec. 48. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is
31.25 amended to read:

31.26 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
31.27 contribution to the fund is ~~9.0 percent~~ the following percentage of the member's salary:

31.28 <u>before July 1, 2011</u>	<u>9.0 percent</u>
31.29 <u>from July 1, 2011, until June 30, 2012</u>	<u>9.5 percent</u>
31.30 <u>from July 1, 2012, until June 30, 2013</u>	<u>10.0 percent</u>
31.31 <u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>
31.32 <u>after June 30, 2014</u>	<u>11.0 percent</u>

32.1 (b) For a coordinated member, the employee contribution is ~~5.5 percent~~ the following
 32.2 percentage of the member's salary:

32.3	<u>before July 1, 2011</u>	<u>5.5 percent</u>
32.4	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>
32.5	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>
32.6	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>
32.7	<u>after June 30, 2014</u>	<u>7.5 percent</u>

32.8 (c) When an employee contribution rate changes for a fiscal year, the new
 32.9 contribution rate is effective for the entire salary paid for each employer unit with the
 32.10 first payroll cycle reported.

32.11 (d) After June 30, 2015, if a contribution rate revision is required under subdivisions
 32.12 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
 32.13 accordingly.

32.14 ~~(b)~~ (e) This contribution must be made by deduction from salary. Where any portion
 32.15 of a member's salary is paid from other than public funds, the member's employee
 32.16 contribution must be based on the entire salary received.

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

32.18 Sec. 49. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

32.19 Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special~~
 32.20 ~~School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an~~
 32.21 ~~amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated~~
 32.22 ~~member and 9.0 percent of the salary of each of its teachers who is a basic member. After~~
 32.23 ~~July 1, 2007, the regular employer contribution to the fund by Special School District No.~~
 32.24 ~~1, Minneapolis, is an amount equal to 5.5 percent~~ the applicable following percentage of
 32.25 salary of each coordinated member and 9.5 percent the applicable following percentage
 32.26 of salary of each basic member:

32.27	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
32.28	<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
32.29	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
32.30	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
32.31	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
32.32	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

32.33 The additional employer contribution to the fund by Special School District No. 1,
 32.34 Minneapolis, ~~after July 1, 2006,~~ is an amount equal to 3.64 percent of the salary of each
 32.35 teacher who is a coordinated member or is a basic member.

33.1 (b) The employer contribution to the fund for every other employer is an amount
 33.2 equal to ~~5.0 percent~~ the applicable following percentage of the salary of each coordinated
 33.3 member and ~~9.0 percent~~ the applicable following percentage of the salary of each basic
 33.4 member ~~before July 1, 2007, and 5.5 percent of the salary of each coordinated member~~
 33.5 ~~and 9.5 percent of the salary of each basic member after June 30, 2007.;~~

33.6	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
33.7	<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
33.8	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
33.9	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
33.10	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
33.11	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

33.12 (c) When an employer contribution rate changes for a fiscal year, the new
 33.13 contribution rate is effective for the entire salary paid for each employer unit with the
 33.14 first payroll cycle reported.

33.15 (d) After June 30, 2015, if a contribution rate revision is made under subdivisions
 33.16 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted
 33.17 accordingly.

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

33.19 Sec. 50. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
 33.20 to read:

33.21 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution
 33.22 sufficiency exists if the total of the employee contributions, the employer contributions,
 33.23 and any additional employer contributions, if applicable, exceeds the total of the normal
 33.24 cost, the administrative expenses, and the amortization contribution of the retirement plan
 33.25 as reported in the most recent actuarial valuation of the retirement plan prepared by the
 33.26 approved actuary retained under section 356.214 and prepared under section 356.215
 33.27 and the standards for actuarial work of the Legislative Commission on Pensions and
 33.28 Retirement.

33.29 (b) For purposes of this section, a contribution deficiency exists if the total of
 33.30 the employee contributions, the employer contributions, and any additional employer
 33.31 contributions are less than the total of the normal cost, the administrative expenses, and
 33.32 the amortization contribution of the retirement plan as reported in the most recent actuarial
 33.33 valuation of the retirement plan prepared by the approved actuary retained under section
 33.34 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 33.35 Legislative Commission on Pensions and Retirement.

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

34.2 Sec. 51. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
34.3 to read:

34.4 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
34.5 provisions under subdivisions 2 and 3, the employee and employer contribution rates
34.6 may be adjusted as follows:

34.7 (1) if, after June 30, 2015, the regular actuarial valuation of the plan under section
34.8 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to
34.9 or greater than one percent of covered payroll and the sufficiency has existed for at least
34.10 two consecutive years, the employee and employer contribution rates for the plan may
34.11 each be decreased to a level such that the sufficiency equals no more than one percent of
34.12 covered payroll based on the most recent actuarial valuation; or

34.13 (2) if, after June 30, 2015, the regular valuation of the plan under section 356.215
34.14 indicates that there is a deficiency equal to or greater than 0.25 percent of covered payroll
34.15 and the deficiency has existed for at least two consecutive years, the employee and
34.16 employer contribution rates for the applicable plan may each be increased by:

34.17 (i) 0.25 percent if the deficiency is less than 2.00 percent of covered payroll;

34.18 (ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered
34.19 payroll and less than or equal to four percent; and

34.20 (iii) 0.75 percent if the deficiency is greater than four percent.

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

34.22 Sec. 52. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
34.23 to read:

34.24 Subd. 4c. **Contribution sufficiency measures.** (a) A contribution sufficiency of up
34.25 to one percent of covered payroll must be held in reserve to be used to offset any future
34.26 actuarially required contributions that are more than the total combined employee and
34.27 employer contributions being collected.

34.28 (b) Before any reduction in contributions to eliminate a sufficiency in excess of one
34.29 percent of covered pay may be recommended, the executive director must review any
34.30 need for a change in actuarial assumptions, as recommended by the actuary retained
34.31 under section 356.214 in the most recent experience study of the retirement plan, that
34.32 may result in an increase in the actuarially required contribution and must report to the
34.33 Legislative Commission on Pensions and Retirement any recommendation by the board
34.34 to use the sufficiency exceeding one percent of covered payroll to offset the impact of

35.1 an actuarial assumption change recommended by the actuary retained under section
35.2 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
35.3 section 356.214, subdivision 4.

35.4 (c) A contribution sufficiency in excess of one percent of covered pay must not be
35.5 used to increase benefits, and a benefit increase must not be proposed that would initiate
35.6 an automatic adjustment under this section to increase contributions. A proposed benefit
35.7 improvement must include a recommendation, prepared by the actuary retained under
35.8 section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative
35.9 Commission on Pensions and Retirement, as provided under section 356.214, subdivision
35.10 4, on the manner in which the benefit modification is to be funded.

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

35.12 Sec. 53. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
35.13 to read:

35.14 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
35.15 under subdivision 4b, as determined by the executive director of the Teachers Retirement
35.16 Association, must be reported to the chair and the executive director of the Legislative
35.17 Commission on Pensions and Retirement on or before the next February 1 and, if the
35.18 Legislative Commission on Pensions and Retirement does not recommend against the rate
35.19 change or does not recommend a modification in the rate change, is effective on the next
35.20 July 1 following the determination by the executive director that a contribution deficiency
35.21 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

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

35.23 Sec. 54. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is
35.24 amended to read:

35.25 Subdivision 1. **Death before retirement.** (a) If a member dies before retirement
35.26 and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a
35.27 reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the
35.28 survivors if the member was a basic member, then the surviving spouse, or if there is no
35.29 surviving spouse, the designated beneficiary is entitled to an amount equal to the member's
35.30 accumulated deductions with interest credited to the account of the member to the date of
35.31 death of the member. If the designated beneficiary is a minor, interest must be credited to
35.32 the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

36.1 (b) If a member dies before retirement and is covered under section 354.44,
36.2 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
36.3 described in section 354.46, subdivision 1, is payable to the survivors if the member
36.4 was a basic member, then the surviving spouse, or if there is no surviving spouse, then
36.5 the designated beneficiary is entitled to ~~an amount equal to the member's accumulated~~
36.6 ~~deductions credited to the account of the member as of June 30, 1957, and from July 1,~~
36.7 ~~1957, to the date of death of the member, the member's accumulated deductions plus six~~
36.8 ~~percent interest compounded annually.~~ a refund equal to the accumulated deductions
36.9 credited to the member's account plus interest compounded annually until the member's
36.10 date of death using the following interest rates:

- 36.11 (1) before July 1, 1957, no interest accrues;
36.12 (2) July 1, 1957, to June 30, 2011, six percent; and
36.13 (3) after June 30, 2011, four percent.

36.14 (c) If the designated beneficiary under paragraph (b) is a minor, any interest credited
36.15 under that paragraph must be credited to the date the beneficiary reaches legal age, or
36.16 the date of receipt, whichever is earlier.

36.17 (d) The amount of any refund payable under this subdivision must be reduced by
36.18 any permanent disability payment under section 354.48 received by the member.

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

36.20 Sec. 55. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is
36.21 amended to read:

36.22 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1,
36.23 any person who ceases to be a member by reason of termination of teaching service, is
36.24 entitled to receive a refund in an amount equal to the accumulated deductions credited
36.25 to the account ~~as of June 30, 1957, and after July 1, 1957, the accumulated deductions~~
36.26 ~~with interest at the rate of six percent per annum compounded annually.~~ plus interest
36.27 compounded annually using the following interest rates:

- 36.28 (1) before July 1, 1957, no interest accrues;
36.29 (2) July 1, 1957, to June 30, 2011, six percent; and
36.30 (3) after June 30, 2011, four percent.

36.31 For the purpose of this subdivision, interest must be computed on fiscal year end
36.32 balances to the first day of the month in which the refund is issued.

36.33 (b) If the person has received permanent disability payments under section 354.48,
36.34 the refund amount must be reduced by the amount of those payments.

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

37.2 Sec. 56. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is
37.3 amended to read:

37.4 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
37.5 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
37.6 accumulated deductions in the fund for the purpose of receiving a deferred annuity
37.7 at retirement.

37.8 (b) The amount of the deferred retirement annuity is determined by section 354.44,
37.9 subdivision 6, and augmented as provided in this subdivision. The required reserves for
37.10 the annuity which had accrued when the member ceased to render teaching service must
37.11 be augmented, as further specified in this subdivision, by the applicable interest rate
37.12 compounded annually from the first day of the month following the month during which
37.13 the member ceased to render teaching service to the effective date of retirement.

37.14 (c) No augmentation is not creditable if the deferral period is less than three months
37.15 or if deferral commenced before July 1, 1971.

37.16 (d) For persons who became covered employees before July 1, 2006, with a deferral
37.17 period commencing after June 30, 1971, the annuity must be augmented using as follows:

37.18 (1) five percent interest compounded annually until January 1, 1981, and;

37.19 (2) three percent interest compounded annually thereafter from January 1, 1981, until
37.20 January 1 of the year following the year in which the deferred annuitant attains age 55;

37.21 From that date (3) five percent interest compounded annually from the date
37.22 established in clause (2) to the effective date of retirement, the rate is five percent
37.23 compounded annually, or until June 30, 2012, whichever is earlier; and

37.24 (4) two percent interest compounded annually after June 30, 2012.

37.25 (e) For persons who become covered employees after June 30, 2006, the interest
37.26 rate used to augment the deferred annuity is 2.5 percent interest compounded annually
37.27 until June 30, 2012, or until the effective date of retirement, whichever is earlier, and two
37.28 percent interest compounded annually after June 30, 2012.

37.29 (f) If a person has more than one period of uninterrupted service, a separate average
37.30 salary determined under section 354.44, subdivision 6, must be used for each period
37.31 and the required reserves related to each period must be augmented as specified in this
37.32 subdivision. The sum of the augmented required reserves is the present value of the
37.33 annuity. For the purposes of this subdivision, "period of uninterrupted service" means a
37.34 period of covered teaching service during which the member has not been separated from
37.35 active service for more than one fiscal year.

38.1 (g) If a person repays a refund, the service restored by the repayment must be
38.2 considered as continuous with the next period of service for which the person has
38.3 allowable service credit in the Teachers Retirement Association.

38.4 (h) If a person does not render teaching service in any one fiscal year or more
38.5 consecutive fiscal years and then resumes teaching service, the formula percentages used
38.6 from the date of the resumption of teaching service must be those applicable to new
38.7 members.

38.8 (i) The mortality table and interest rate actuarial assumption used to compute the
38.9 annuity must be the applicable mortality table established by the board under section
38.10 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in
38.11 effect when the member retires.

38.12 (j) In no case may the annuity payable under this subdivision be less than the amount
38.13 of annuity payable under section 354.44, subdivision 6.

38.14 (k) The requirements and provisions for retirement before normal retirement age
38.15 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
38.16 requirements with a combination of service as provided in section 354.60.

38.17 (l) The augmentation provided by this subdivision applies to the benefit provided
38.18 in section 354.46, subdivision 2.

38.19 (m) The augmentation provided by this subdivision does not apply to any period
38.20 in which a person is on an approved leave of absence from an employer unit covered
38.21 by the provisions of this chapter.

38.22 (n) The retirement annuity or disability benefit of, or the survivor benefit payable on
38.23 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
38.24 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
38.25 reflect the change in the postretirement interest rate actuarial assumption under section
38.26 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
38.27 tables adopted by the board as recommended by an approved actuary and approved by the
38.28 actuary retained under section 356.214.

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

38.30 Sec. 57. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

38.31 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
38.32 by each member of a teachers retirement fund association ~~shall not be less than~~ is the
38.33 percentage of total salary specified below for the applicable association and program:

38.34 Association and Program	Percentage of Total Salary
38.35 Duluth Teachers Retirement Fund Association	

39.1	old law and new law	
39.2	coordinated programs	5.5 percent
39.3	<u>before July 1, 2011</u>	<u>5.5 percent</u>
39.4	<u>effective July 1, 2011</u>	<u>6.0 percent</u>
39.5	<u>effective July 1, 2012</u>	<u>6.5 percent</u>
39.6	St. Paul Teachers Retirement Fund Association	
39.7	basic program <u>before July 1, 2011</u>	8 percent
39.8	<u>basic program after June 30, 2011</u>	<u>8.25 percent</u>
39.9	<u>basic program after June 30, 2012</u>	<u>8.5 percent</u>
39.10	<u>basic program after June 30, 2013</u>	<u>8.75 percent</u>
39.11	<u>basic program after June 30, 2014</u>	<u>9.0 percent</u>
39.12	coordinated program <u>before July 1, 2011</u>	5.5 percent
39.13	<u>coordinated program after June 30, 2011</u>	<u>5.75 percent</u>
39.14	<u>coordinated program after June 30, 2012</u>	<u>6.0 percent</u>
39.15	<u>coordinated program after June 30, 2013</u>	<u>6.25 percent</u>
39.16	<u>coordinated program after June 30, 2014</u>	<u>6.50 percent</u>

39.17 (b) Contributions shall be made by deduction from salary and must be remitted
 39.18 directly to the respective teachers retirement fund association at least once each month.

39.19 (c) When an employee contribution rate changes for a fiscal year, the new
 39.20 contribution rate is effective for the entire salary paid by the employer with the first
 39.21 payroll cycle reported.

39.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

39.23 Sec. 58. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a,
 39.24 is amended to read:

39.25 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
 39.26 units shall make the following employer contributions to teachers retirement fund
 39.27 associations:

39.28 (1) for any coordinated member of one of the following teachers retirement fund
 39.29 associations in a city of the first class, the employing unit shall make a regular employer
 39.30 contribution to the respective retirement fund association in an amount equal to the
 39.31 designated percentage of the salary of the coordinated member as provided below:

39.32	Duluth Teachers Retirement Fund Association	4.50 percent
39.33	<u>before July 1, 2011</u>	<u>5.79 percent</u>
39.34	<u>effective July 1, 2011</u>	<u>6.29 percent</u>
39.35	<u>effective July 1, 2012</u>	<u>6.79 percent</u>
39.36	St. Paul Teachers Retirement Fund Association	
39.37	<u>before July 1, 2011</u>	4.50 percent
39.38	<u>after June 30, 2011</u>	<u>4.75 percent</u>

40.1	<u>after June 30, 2012</u>	<u>5.0 percent</u>
40.2	<u>after June 30, 2013</u>	<u>5.25 percent</u>
40.3	<u>after June 30, 2014</u>	<u>5.5 percent</u>

40.4 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
 40.5 employing unit shall make a regular employer contribution to the respective retirement
 40.6 fund in an amount equal to ~~8.00 percent of the salary of the basic member~~; according to
 40.7 the schedule below:

40.8	<u>before July 1, 2011</u>	<u>8.0 percent of salary</u>
40.9	<u>after June 30, 2011</u>	<u>8.25 percent of salary</u>
40.10	<u>after June 30, 2012</u>	<u>8.5 percent of salary</u>
40.11	<u>after June 30, 2013</u>	<u>8.75 percent of salary</u>
40.12	<u>after June 30, 2014</u>	<u>9.0 percent of salary</u>

40.13 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
 40.14 employing unit shall make an additional employer contribution to the respective fund in
 40.15 an amount equal to 3.64 percent of the salary of the basic member;

40.16 (4) for a coordinated member of ~~a teachers retirement fund association in a city of~~
 40.17 ~~the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall
 40.18 make an additional employer contribution to the respective fund in an amount equal to the
 40.19 applicable percentage of the coordinated member's salary, as provided below:

40.20	Duluth Teachers Retirement	
40.21	Fund Association	1.29 percent
40.22	St. Paul Teachers Retirement	
40.23	Fund Association	3.84 percent

40.24 (b) The regular and additional employer contributions must be remitted directly to
 40.25 the respective teachers retirement fund association at least once each month. Delinquent
 40.26 amounts are payable with interest under the procedure in subdivision 1a.

40.27 (c) Payments of regular and additional employer contributions for school district
 40.28 or technical college employees who are paid from normal operating funds must be made
 40.29 from the appropriate fund of the district or technical college.

40.30 (d) When an employer contribution rate changes for a fiscal year, the new
 40.31 contribution rate is effective for the entire salary paid by the employer with the first
 40.32 payroll cycle reported.

40.33 **EFFECTIVE DATE.** This section is effective July 1, 2010.

40.34 Sec. 59. Minnesota Statutes 2008, section 354A.12, subdivision 3c, is amended to read:

40.35 Subd. 3c. **Termination of supplemental contributions and direct matching**

40.36 **and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers

41.1 Retirement Fund Association by Special School District No. 1 and the city of Minneapolis
41.2 under section 423A.02, subdivision 3, must be paid to the Teachers Retirement
41.3 Association and must continue until the current assets of the fund equal or exceed the
41.4 actuarial accrued liability of the fund as determined in the most recent actuarial report
41.5 for the fund by the actuary retained under section 356.214, or 2037, whichever occurs
41.6 earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund
41.7 Association by Independent School District No. 625 under section 423A.02, subdivision
41.8 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund
41.9 Association ~~terminate at the end of the fiscal year in which the accrued liability funding~~
41.10 ~~ratio for that fund, as determined in the most recent actuarial report for that fund by the~~
41.11 ~~actuary retained under section 356.214, equals or exceeds the accrued liability funding~~
41.12 ~~ratio for the Teachers Retirement Association, as determined in the most recent actuarial~~
41.13 ~~report for the Teachers Retirement Association by the actuary retained under section~~
41.14 ~~356.214.~~ must continue until the current assets of the fund equal or exceed the actuarial
41.15 accrued liability of the fund as determined in the most recent actuarial report for the fund
41.16 by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.

41.17 ~~(b) If the St. Paul Teachers Retirement Fund Association is funded at an amount~~
41.18 ~~equal to or greater than the funding ratio applicable to the Teachers Retirement~~
41.19 ~~Association, then any future state aid under subdivision 3a is payable to the Teachers~~
41.20 ~~Retirement Association.~~

41.21 **EFFECTIVE DATE.** This section is effective July 1, 2010.

41.22 Sec. 60. Minnesota Statutes 2008, section 354A.27, subdivision 5, is amended to read:

41.23 Subd. 5. **Calculation Eligibility for and payment of postretirement adjustments.**

41.24 (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund
41.25 Association determines the amount of any postretirement adjustment using the procedures
41.26 in this subdivision and subdivision 6 or 7, whichever is applicable.

41.27 (b) Each person who has been receiving an annuity or benefit under the articles
41.28 of incorporation, bylaws, or under this section for at least 12 months as of the date of
41.29 the postretirement adjustment shall be eligible for a postretirement adjustment. The
41.30 postretirement adjustment shall be payable each January 1. The postretirement adjustment
41.31 shall be ~~equal to two percent of a permanent percentage increase as specified under~~
41.32 subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the
41.33 person is entitled one month prior to the payment of the postretirement adjustment.

41.34 **EFFECTIVE DATE.** This section is effective July 1, 2010.

42.1 Sec. 61. Minnesota Statutes 2008, section 354A.27, subdivision 6, is amended to read:

42.2 Subd. 6. ~~Additional increase~~ Calculation of postretirement adjustments;

42.3 transitional provision. ~~(a) In addition to the postretirement increases granted under~~
 42.4 ~~subdivision 5, an additional percentage increase must be computed and paid under this~~
 42.5 ~~subdivision.~~

42.6 ~~(b) The board of trustees shall determine the number of annuitants or benefit~~
 42.7 ~~recipients who have been receiving an annuity or benefit for at least 12 months as of the~~
 42.8 ~~current June 30. These recipients are entitled to receive the surplus investment earnings~~
 42.9 ~~additional postretirement increase.~~

42.10 ~~(c) Annually, as of each June 30, the board shall determine the five-year annualized~~
 42.11 ~~rate of return attributable to the assets of the Duluth Teachers Retirement Fund Association~~
 42.12 ~~under the formula or formulas specified in section 11A.04, clause (11).~~

42.13 ~~(d) The board shall determine the amount of excess five-year annualized rate of~~
 42.14 ~~return over the preretirement interest assumption as specified in section 356.215.~~

42.15 ~~(e) The additional percentage increase must be determined by multiplying the~~
 42.16 ~~quantity one minus the rate of contribution deficiency, as specified in the most recent~~
 42.17 ~~actuarial report of the actuary retained under section 356.214, times the rate of return~~
 42.18 ~~excess as determined in paragraph (d).~~

42.19 ~~(f) The additional increase is payable to all eligible annuitants or benefit recipients~~
 42.20 ~~on the following January 1.~~

42.21 (a) For purposes of computing postretirement adjustments after the effective date
 42.22 of this section for eligible benefit recipients of the Duluth Teachers Retirement Fund
 42.23 Association, the funding ratio of the plan, as determined by dividing the market value of
 42.24 assets by the actuarial accrued liability as reported in the most recent actuarial valuation
 42.25 prepared under sections 356.214 and 356.215, determines the postretirement increase
 42.26 as follows:

<u>Funding Ratio</u>	<u>Postretirement Increase</u>
42.27 less than 80 percent	42.28 <u>0 percent</u>
42.29 <u>at least 80 percent but less than 90</u>	
42.30 <u>percent</u>	42.31 <u>1 percent</u>
42.31 <u>at least 90 percent</u>	<u>2 percent</u>

42.32 (b) If the funding ratio of the plan based on actuarial value, rather than market value,
 42.33 is at least 90 percent as reported in the most recent actuarial valuation prepared under
 42.34 sections 356.214 and 356.215, this subdivision expires and subsequent postretirement
 42.35 increases must be paid as specified under subdivision 7.

42.36 **EFFECTIVE DATE.** This section is effective July 1, 2010.

43.1 Sec. 62. Minnesota Statutes 2008, section 354A.27, is amended by adding a
43.2 subdivision to read:

43.3 Subd. 7. Calculation of postretirement adjustments. (a) This subdivision applies
43.4 if subdivision 6 has expired.

43.5 (b) A percentage adjustment must be computed and paid under this subdivision to
43.6 eligible persons under subdivision 5. This adjustment is determined by reference to the
43.7 Consumer Price Index for urban wage earners and clerical workers all items index as
43.8 reported by the Bureau of Labor Statistics within the United States Department of Labor
43.9 each year as part of the determination of annual cost-of-living adjustments to recipients
43.10 of federal old-age, survivors, and disability insurance. For calculations of cost-of-living
43.11 adjustments under paragraph (c), the term "average third quarter Consumer Price Index
43.12 value" means the sum of the monthly index values as initially reported by the Bureau of
43.13 Labor Statistics for the months of July, August, and September, divided by 3.

43.14 (c) Before January 1 of each year, the executive director must calculate the amount
43.15 of the cost-of-living adjustment by dividing the most recent average third quarter index
43.16 value by the same average third quarter index value from the previous year, subtract one
43.17 from the resulting quotient, and express the result as a percentage amount, which must be
43.18 rounded to the nearest one-tenth of one percent.

43.19 (d) The amount calculated under paragraph (c) is the full cost-of-living adjustment
43.20 to be applied as a permanent increase to the regular payment of each eligible member
43.21 on January 1 of the next calendar year. For any eligible member whose effective date
43.22 of benefit commencement occurred during the calendar year before the cost-of-living
43.23 adjustment is applied, the full increase amount must be prorated on the basis of whole
43.24 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
43.25 which the cost-of-living adjustment is applied, calculated to the third decimal place.

43.26 (e) The adjustment must not be less than zero nor greater than five percent.

43.27 (f) If the funding ratio of the plan as determined in the most recent actuarial
43.28 valuation using the actuarial value of assets is less than 80 percent there will be no
43.29 postretirement adjustment the following January 1.

43.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

43.31 Sec. 63. Minnesota Statutes 2008, section 354A.31, subdivision 1, is amended to read:

43.32 Subdivision 1. **Age and service requirements.** Any coordinated member or former
43.33 coordinated member of the St. Paul Teachers Retirement Fund Association who has
43.34 ceased to render teaching service for the school district in which the teachers retirement
43.35 fund association exists and who has either attained the age of at least 55 years with not

44.1 less than three years of allowable service credit or received credit for not less than 30
44.2 years of allowable service regardless of age, shall be entitled upon written application to a
44.3 retirement annuity. Any coordinated member or former coordinated member of the Duluth
44.4 Teachers Retirement Fund Association who has ceased to render teaching service for the
44.5 school district in which the teacher retirement fund association exists and who has either
44.6 attained the age of at least 55 years with not less than three years of allowable service
44.7 credit if the member became an employee before July 1, 2010, or not less than five years
44.8 of allowable service credit if the member became an employee after June 30, 2010, or
44.9 received service credit for not less than 30 years of allowable service regardless of age,
44.10 shall be entitled upon written application to a retirement annuity.

44.11 **EFFECTIVE DATE.** This section is effective July 1, 2010.

44.12 Sec. 64. Minnesota Statutes 2008, section 354A.35, subdivision 1, is amended to read:

44.13 Subdivision 1. **Death before retirement; refund.** If a coordinated member
44.14 or former coordinated member dies prior to retirement or prior to the receipt of any
44.15 retirement annuity or other benefit payment which is or may be payable and a surviving
44.16 spouse optional annuity is not payable pursuant to subdivision 2, a refund shall be paid to
44.17 the person's surviving spouse, or if there is none, to the person's designated beneficiary,
44.18 or if there is none, to the legal representative of the person's estate. For a coordinated
44.19 member or former coordinated member of the St. Paul Teachers Retirement Fund
44.20 Association, the refund shall be in an amount equal to the person's accumulated employee
44.21 contributions plus interest at the rate of six percent per annum compounded annually. For
44.22 a coordinated member or former coordinated member of the Duluth Teachers Retirement
44.23 Fund Association, the refund shall be in an amount equal to the person's accumulated
44.24 employee contributions plus interest at the rate of six percent per annum compounded
44.25 annually to July 1, 2010, and four percent per annum compounded annually thereafter.

44.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

44.27 Sec. 65. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:

44.28 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
44.29 who ceases to render teaching services for the school district in which the teachers
44.30 retirement fund association is located, with sufficient allowable service credit to meet
44.31 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
44.32 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The
44.33 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be

45.1 augmented as provided in this subdivision. The deferred annuity shall commence upon
 45.2 application after the person on deferred status attains at least the minimum age specified in
 45.3 section 354A.31, subdivision 1.

45.4 (b) The monthly annuity amount that had accrued when the member ceased to
 45.5 render teaching service must be augmented from the first day of the month following the
 45.6 month during which the member ceased to render teaching service to the effective date
 45.7 of retirement. There is no augmentation if this period is less than three months. For a
 45.8 member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation
 45.9 is three percent compounded annually until January 1 of the year following the year in
 45.10 which the former member attains age 55, and five percent compounded annually after that
 45.11 date to the effective date of retirement if the employee became an employee before July
 45.12 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee
 45.13 after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,
 45.14 the rate of augmentation is three percent compounded annually until January 1 of the year
 45.15 following the year in which the former member attains age 55, five percent compounded
 45.16 annually after that date to July 1, 2012, and two percent compounded annually after that
 45.17 date to the effective date of retirement if the employee became an employee before
 45.18 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent
 45.19 compounded annually after that date to the effective date of retirement if the employee
 45.20 becomes an employee after June 30, 2006. If a person has more than one period of
 45.21 uninterrupted service, a separate average salary determined under section 354A.31 must
 45.22 be used for each period, and the monthly annuity amount related to each period must be
 45.23 augmented as provided in this subdivision. The sum of the augmented monthly annuity
 45.24 amounts determines the total deferred annuity payable. If a person repays a refund, the
 45.25 service restored by the repayment must be considered as continuous with the next period
 45.26 of service for which the person has credit with the fund. If a person does not render
 45.27 teaching services in any one fiscal year or more consecutive fiscal years and then resumes
 45.28 teaching service, the formula percentages used from the date of resumption of teaching
 45.29 service are those applicable to new members. The mortality table and interest assumption
 45.30 used to compute the annuity are the table established by the fund to compute other
 45.31 annuities, and the interest assumption under section 356.215 in effect when the member
 45.32 retires. A period of uninterrupted service for the purpose of this subdivision means a
 45.33 period of covered teaching service during which the member has not been separated from
 45.34 active service for more than one fiscal year.

45.35 (c) The augmentation provided by this subdivision applies to the benefit provided
 45.36 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does

46.1 not apply to any period in which a person is on an approved leave of absence from an
46.2 employer unit.

46.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

46.4 Sec. 66. Minnesota Statutes 2008, section 354A.37, subdivision 3, is amended to read:

46.5 Subd. 3. **Computation of refund amount.** A former coordinated member of the
46.6 St. Paul Teachers Retirement Fund Association who qualifies for a refund ~~pursuant to~~
46.7 under subdivision 1 shall receive a refund equal to the amount of the former coordinated
46.8 member's accumulated employee contributions with interest at the rate of six percent per
46.9 annum compounded annually. A former coordinated member of the Duluth Teachers
46.10 Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive
46.11 a refund equal to the amount of the former coordinated member's accumulated employee
46.12 contributions with interest at the rate of six percent per annum compounded annually to
46.13 July 1, 2010, and four percent per annum compounded annually thereafter.

46.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

46.15 Sec. 67. Minnesota Statutes 2008, section 354A.37, subdivision 4, is amended to read:

46.16 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
46.17 who has attained the normal retirement age with less than ten years of allowable service
46.18 credit and has terminated active teaching service shall be entitled to a refund in lieu of
46.19 a proportionate annuity pursuant to section 356.32. The refund for a member of the St.
46.20 Paul Teachers Retirement Fund Association shall be equal to the coordinated member's
46.21 accumulated employee contributions plus interest at the rate of six percent compounded
46.22 annually. The refund for a member of the Duluth Teachers Retirement Fund Association
46.23 shall be equal to the coordinated member's accumulated employee contributions plus
46.24 interest at the rate of six percent compounded annually to July 1, 2010, and four percent
46.25 per annum compounded annually thereafter.

46.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

46.27 Sec. 68. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

46.28 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
46.29 the applicable following preretirement interest assumption and the applicable following
46.30 postretirement interest assumption:

	preretirement	postretirement
	interest rate	interest rate
	assumption	assumption
47.1		
47.2		
47.3	plan	
47.4	general state employees retirement plan	8.5% 6.0%
47.5	correctional state employees retirement plan	8.5 6.0
47.6	State Patrol retirement plan	8.5 6.0
47.7	legislators retirement plan	8.5 6.0
47.8	elective state officers retirement plan	8.5 6.0
47.9	judges retirement plan	8.5 6.0
47.10	general public employees retirement plan	8.5 6.0
47.11	public employees police and fire retirement plan	8.5 6.0
47.12	local government correctional service retirement	
47.13	plan	8.5 6.0
47.14	teachers retirement plan	8.5 6.0
47.15	Minneapolis employees retirement plan	6.0 5.0
47.16	Duluth teachers retirement plan	8.5 8.5
47.17	St. Paul teachers retirement plan	8.5 8.5
47.18	Minneapolis Police Relief Association	6.0 6.0
47.19	Fairmont Police Relief Association	5.0 5.0
47.20	Minneapolis Fire Department Relief Association	6.0 6.0
47.21	Virginia Fire Department Relief Association	5.0 5.0
47.22	Bloomington Fire Department Relief Association	6.0 6.0
47.23	local monthly benefit volunteer firefighters relief	
47.24	associations	5.0 5.0

47.25 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 47.26 single rate future salary increase assumption, the applicable following modified single
 47.27 rate future salary increase assumption, or the applicable following graded rate future
 47.28 salary increase assumption:

47.29 (1) single rate future salary increase assumption

	future salary
	increase assumption
47.30	
47.31	plan
47.32	legislators retirement plan 5.0%
47.33	judges retirement plan 4.0
47.34	Minneapolis Police Relief Association 4.0
47.35	Fairmont Police Relief Association 3.5
47.36	Minneapolis Fire Department Relief
47.37	Association 4.0
47.38	Virginia Fire Department Relief Association 3.5
47.39	Bloomington Fire Department Relief
47.40	Association 4.0

47.41 (2) modified single rate future salary increase assumption

48.1 future salary
 48.2 plan increase assumption
 48.3 Minneapolis employees the prior calendar year amount increased
 48.4 retirement plan first by 1.0198 percent to prior fiscal year
 48.5 date and then increased by 4.0 percent
 48.6 annually for each future year

48.7 (3) age-related select and ultimate future salary increase assumption or graded rate
 48.8 future salary increase assumption

48.9 future salary
 48.10 plan increase assumption
 48.11 general state employees retirement plan select calculation and
 48.12 assumption A
 48.13 correctional state employees retirement plan assumption ~~H~~ G
 48.14 State Patrol retirement plan assumption ~~G~~ F
 48.15 ~~general public employees retirement plan~~ ~~select calculation and~~
 48.16 ~~assumption B~~
 48.17 public employees police and fire fund retirement plan assumption ~~E~~ B
 48.18 local government correctional service retirement plan assumption ~~G~~ F
 48.19 teachers retirement plan assumption ~~D~~ C
 48.20 Duluth teachers retirement plan assumption ~~E~~ D
 48.21 St. Paul teachers retirement plan assumption ~~F~~ E

48.22 The select calculation is: during the
 48.23 designated select period, a designated
 48.24 percentage rate is multiplied by the result of
 48.25 the designated integer minus T, where T is the
 48.26 number of completed years of service, and is
 48.27 added to the applicable future salary increase
 48.28 assumption. The designated select period is
 48.29 five years and the designated integer is five
 48.30 for the general state employees retirement
 48.31 plan ~~and the general public employees~~
 48.32 ~~retirement plan~~. The designated select period
 48.33 is ten years and the designated integer is ten
 48.34 for all other retirement plans covered by
 48.35 this clause. The designated percentage rate
 48.36 is: (1) 0.2 percent for the correctional state
 48.37 employees retirement plan, the State Patrol
 48.38 retirement plan, the public employees police
 48.39 and fire plan, and the local government
 48.40 correctional service plan; (2) 0.6 percent

49.1 for the general state employees retirement
 49.2 plan ~~and the general public employees~~
 49.3 ~~retirement plan~~; and (3) 0.3 percent for the
 49.4 teachers retirement plan, the Duluth Teachers
 49.5 Retirement Fund Association, and the St.
 49.6 Paul Teachers Retirement Fund Association.
 49.7 The select calculation for the Duluth Teachers
 49.8 Retirement Fund Association is 8.00 percent
 49.9 per year for service years one through seven,
 49.10 7.25 percent per year for service years seven
 49.11 and eight, and 6.50 percent per year for
 49.12 service years eight and nine.

49.13 The ultimate future salary increase assumption is:

49.14	age	A	B	<u>€</u> B	<u>Ɔ</u> C	<u>Ɛ</u> D	<u>Ƒ</u> E	<u>Ɔ</u> F	<u>Ƨ</u> G
49.15	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
49.16	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
49.17	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
49.18	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
49.19	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
49.20	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
49.21	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
49.22	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
49.23	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
49.24	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
49.25	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
49.26	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
49.27	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
49.28	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
49.29	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
49.30	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
49.31	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
49.32	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
49.33	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
49.34	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
49.35	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
49.36	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
49.37	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
49.38	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
49.39	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
49.40	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
49.41	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087

50.1	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
50.2	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
50.3	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
50.4	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
50.5	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
50.6	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
50.7	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
50.8	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
50.9	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
50.10	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
50.11	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
50.12	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
50.13	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
50.14	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
50.15	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
50.16	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
50.17	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
50.18	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
50.19	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
50.20	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
50.21	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
50.22	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
50.23	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.24	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.25	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.26	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.27	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.28	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.29	71	4.25	4.00		5.20				

50.30 (4) service-related ultimate future salary increase assumption

50.31									
50.32									
50.33									
50.34									
50.35									
50.36									
50.37									
50.38									
50.39									
50.40									
50.41									
50.42									
50.43									

general employees retirement plan of the Public
Employees Retirement Association

	<u>1</u>	<u>12.03%</u>
	<u>2</u>	<u>8.90</u>
	<u>3</u>	<u>7.46</u>
	<u>4</u>	<u>6.58</u>
	<u>5</u>	<u>5.97</u>
	<u>6</u>	<u>5.52</u>
	<u>7</u>	<u>5.16</u>
	<u>8</u>	<u>4.87</u>
	<u>9</u>	<u>4.63</u>
	<u>10</u>	<u>4.42</u>
	<u>11</u>	<u>4.24</u>

51.1	<u>12</u>	<u>4.08</u>
51.2	<u>13</u>	<u>3.94</u>
51.3	<u>14</u>	<u>3.82</u>
51.4	<u>15</u>	<u>3.70</u>
51.5	<u>16</u>	<u>3.60</u>
51.6	<u>17</u>	<u>3.51</u>
51.7	<u>18</u>	<u>3.50</u>
51.8	<u>19</u>	<u>3.50</u>
51.9	<u>20</u>	<u>3.50</u>
51.10	<u>21</u>	<u>3.50</u>
51.11	<u>22</u>	<u>3.50</u>
51.12	<u>23</u>	<u>3.50</u>
51.13	<u>24</u>	<u>3.50</u>
51.14	<u>25</u>	<u>3.50</u>
51.15	<u>26</u>	<u>3.50</u>
51.16	<u>27</u>	<u>3.50</u>
51.17	<u>28</u>	<u>3.50</u>
51.18	<u>29</u>	<u>3.50</u>
51.19	<u>30 or more</u>	<u>3.50</u>

51.20 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 51.21 payroll growth assumption for calculating the amortization requirement for the unfunded
 51.22 actuarial accrued liability where the amortization retirement is calculated as a level
 51.23 percentage of an increasing payroll:

51.24		payroll growth
51.25	plan	assumption
51.26	general state employees retirement plan	4.50%
51.27	correctional state employees retirement plan	4.50
51.28	State Patrol retirement plan	4.50
51.29	legislators retirement plan	4.50
51.30	judges retirement plan	4.00
51.31	general public employees retirement plan of the	
51.32	<u>Public Employees Retirement Association</u>	4.50 <u>4.00</u>
51.33	public employees police and fire retirement plan	4.50
51.34	local government correctional service retirement	
51.35	plan	4.50
51.36	teachers retirement plan	4.50
51.37	Duluth teachers retirement plan	4.50
51.38	St. Paul teachers retirement plan	5.00

51.39 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 51.40 apply, unless a different salary assumption or a different payroll increase assumption:

51.41 (1) has been proposed by the governing board of the applicable retirement plan;

52.1 (2) is accompanied by the concurring recommendation of the actuary retained under
52.2 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
52.3 most recent actuarial valuation report if section 356.214 does not apply; and
52.4 (3) has been approved or deemed approved under subdivision 18.

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

52.6 Sec. 69. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
52.7 is amended to read:

52.8 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
52.9 the level normal cost, the actuarial valuation of the retirement plan must contain an
52.10 exhibit for financial reporting purposes indicating the additional annual contribution
52.11 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
52.12 for contribution determination purposes indicating the additional contribution sufficient
52.13 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
52.14 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
52.15 percentage of covered payroll basis by the established date for full funding in effect when
52.16 the valuation is prepared, assuming annual payroll growth at the applicable percentage
52.17 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
52.18 annual contribution must be calculated on a level annual dollar amount basis.

52.19 (b) For any retirement plan other than the Minneapolis Employees Retirement Fund,
52.20 the general employees retirement plan of the Public Employees Retirement Association,
52.21 the general state employees retirement plan of the Minnesota State Retirement System,
52.22 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in
52.23 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
52.24 change in the benefit plan governing annuities and benefits payable from the fund, a
52.25 change in the actuarial cost method used in calculating the actuarial accrued liability of all
52.26 or a portion of the fund, or a combination of the three, which change or changes by itself
52.27 or by themselves without inclusion of any other items of increase or decrease produce a
52.28 net increase in the unfunded actuarial accrued liability of the fund, the established date for
52.29 full funding is the first actuarial valuation date occurring after June 1, 2020.

52.30 (c) For any retirement plan other than the Minneapolis Employees Retirement
52.31 Fund and the general employees retirement plan of the Public Employees Retirement
52.32 Association, if there has been a change in any or all of the actuarial assumptions used
52.33 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
52.34 governing annuities and benefits payable from the fund, a change in the actuarial cost
52.35 method used in calculating the actuarial accrued liability of all or a portion of the fund,

53.1 or a combination of the three, and the change or changes, by itself or by themselves and
53.2 without inclusion of any other items of increase or decrease, produce a net increase in the
53.3 unfunded actuarial accrued liability in the fund, the established date for full funding must
53.4 be determined using the following procedure:

53.5 (i) the unfunded actuarial accrued liability of the fund must be determined in
53.6 accordance with the plan provisions governing annuities and retirement benefits and the
53.7 actuarial assumptions in effect before an applicable change;

53.8 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
53.9 needed to amortize the unfunded actuarial accrued liability amount determined under item
53.10 (i) by the established date for full funding in effect before the change must be calculated
53.11 using the interest assumption specified in subdivision 8 in effect before the change;

53.12 (iii) the unfunded actuarial accrued liability of the fund must be determined in
53.13 accordance with any new plan provisions governing annuities and benefits payable from
53.14 the fund and any new actuarial assumptions and the remaining plan provisions governing
53.15 annuities and benefits payable from the fund and actuarial assumptions in effect before
53.16 the change;

53.17 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
53.18 needed to amortize the difference between the unfunded actuarial accrued liability amount
53.19 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
53.20 under item (iii) over a period of 30 years from the end of the plan year in which the
53.21 applicable change is effective must be calculated using the applicable interest assumption
53.22 specified in subdivision 8 in effect after any applicable change;

53.23 (v) the level annual dollar or level percentage amortization contribution under item
53.24 (iv) must be added to the level annual dollar amortization contribution or level percentage
53.25 calculated under item (ii);

53.26 (vi) the period in which the unfunded actuarial accrued liability amount determined
53.27 in item (iii) is amortized by the total level annual dollar or level percentage amortization
53.28 contribution computed under item (v) must be calculated using the interest assumption
53.29 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
53.30 integral number of years, but not to exceed 30 years from the end of the plan year in
53.31 which the determination of the established date for full funding using the procedure set
53.32 forth in this clause is made and not to be less than the period of years beginning in the
53.33 plan year in which the determination of the established date for full funding using the
53.34 procedure set forth in this clause is made and ending by the date for full funding in effect
53.35 before the change; and

54.1 (vii) the period determined under item (vi) must be added to the date as of which
54.2 the actuarial valuation was prepared and the date obtained is the new established date
54.3 for full funding.

54.4 (d) For the Minneapolis Employees Retirement Fund, the established date for full
54.5 funding is June 30, 2020.

54.6 (e) For the general employees retirement plan of the Public Employees Retirement
54.7 Association, the established date for full funding is June 30, 2031.

54.8 (f) For the Teachers Retirement Association, the established date for full funding is
54.9 June 30, 2037.

54.10 (g) For the correctional state employees retirement plan of the Minnesota State
54.11 Retirement System, the established date for full funding is June 30, 2038.

54.12 (h) For the judges retirement plan, the established date for full funding is June
54.13 30, 2038.

54.14 (i) For the public employees police and fire retirement plan, the established date
54.15 for full funding is June 30, 2038.

54.16 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
54.17 full funding is June 30 of the 25th year from the valuation date. In addition to other
54.18 requirements of this chapter, the annual actuarial valuation shall contain an exhibit
54.19 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
54.20 comparing liabilities to the market value of the assets of the fund as of the close of the
54.21 most recent fiscal year.

54.22 (k) For the general state employees retirement plan of the Minnesota State
54.23 Retirement System, the established date for full funding is June 30, 2040.

54.24 (l) For the retirement plans for which the annual actuarial valuation indicates an
54.25 excess of valuation assets over the actuarial accrued liability, the valuation assets in
54.26 excess of the actuarial accrued liability must be recognized as a reduction in the current
54.27 contribution requirements by an amount equal to the amortization of the excess expressed
54.28 as a level percentage of pay over a 30-year period beginning anew with each annual
54.29 actuarial valuation of the plan.

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

54.31 Sec. 70. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

54.32 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
54.33 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
54.34 person who has met the qualifications of paragraph (b) may elect to receive a retirement
54.35 annuity from each enumerated retirement plan in which the person has at least one-half

55.1 year of allowable service, based on the allowable service in each plan, subject to the
55.2 provisions of paragraph (c).

55.3 (b) A person may receive, upon retirement, a retirement annuity from each
55.4 enumerated retirement plan in which the person has at least one-half year of allowable
55.5 service, and augmentation of a deferred annuity calculated at the appropriate rate under
55.6 the laws governing each public pension plan or fund named in subdivision 3, based on
55.7 the date of the person's initial entry into public employment from the date the person
55.8 terminated all public service if:

55.9 (1) the person has allowable service ~~totaling an amount that allows the person to~~
55.10 ~~receive an annuity~~ in any two or more of the enumerated plans;

55.11 (2) the person has sufficient allowable service in total that equals or exceeds the
55.12 applicable service credit vesting requirement of the retirement plan with the longest
55.13 applicable service credit vesting requirement; and

55.14 ~~(2)~~ (3) the person has not begun to receive an annuity from any enumerated plan or
55.15 the person has made application for benefits from each applicable plan and the effective
55.16 dates of the retirement annuity with each plan under which the person chooses to receive
55.17 an annuity are within a one-year period.

55.18 (c) The retirement annuity from each plan must be based upon the allowable service,
55.19 accrual rates, and average salary in the applicable plan except as further specified or
55.20 modified in the following clauses:

55.21 (1) the laws governing annuities must be the law in effect on the date of termination
55.22 from the last period of public service under a covered retirement plan with which the
55.23 person earned a minimum of one-half year of allowable service credit during that
55.24 employment;

55.25 (2) the "average salary" on which the annuity from each covered plan in which
55.26 the employee has credit in a formula plan must be based on the employee's highest five
55.27 successive years of covered salary during the entire service in covered plans;

55.28 (3) the accrual rates to be used by each plan must be those percentages prescribed by
55.29 each plan's formula as continued for the respective years of allowable service from one
55.30 plan to the next, recognizing all previous allowable service with the other covered plans;

55.31 (4) the allowable service in all the plans must be combined in determining eligibility
55.32 for and the application of each plan's provisions in respect to reduction in the annuity
55.33 amount for retirement prior to normal retirement age; and

55.34 (5) the annuity amount payable for any allowable service under a nonformula plan
55.35 of a covered plan must not be affected, but such service and covered salary must be used
55.36 in the above calculation.

56.1 (d) This section does not apply to any person whose final termination from the last
56.2 public service under a covered plan was before May 1, 1975.

56.3 (e) For the purpose of computing annuities under this section, the accrual rates
56.4 used by any covered plan, except the public employees police and fire plan, the judges
56.5 retirement fund, and the State Patrol retirement plan, must not exceed the percent specified
56.6 in section 356.315, subdivision 4, per year of service for any year of service or fraction
56.7 thereof. The formula percentage used by the judges retirement fund must not exceed the
56.8 percentage rate specified in section 356.315, subdivision 8, per year of service for any
56.9 year of service or fraction thereof. The accrual rate used by the public employees police
56.10 and fire plan and the State Patrol retirement plan must not exceed the percentage rate
56.11 specified in section 356.315, subdivision 6, per year of service for any year of service or
56.12 fraction thereof. The accrual rate or rates used by the legislators retirement plan must not
56.13 exceed 2.5 percent, but this limit does not apply to the adjustment provided under section
56.14 3A.02, subdivision 1, paragraph (c).

56.15 (f) Any period of time for which a person has credit in more than one of the covered
56.16 plans must be used only once for the purpose of determining total allowable service.

56.17 (g) If the period of duplicated service credit is more than one-half year, or the person
56.18 has credit for more than one-half year, with each of the plans, each plan must apply its
56.19 formula to a prorated service credit for the period of duplicated service based on a fraction
56.20 of the salary on which deductions were paid to that fund for the period divided by the total
56.21 salary on which deductions were paid to all plans for the period.

56.22 (h) If the period of duplicated service credit is less than one-half year, or when
56.23 added to other service credit with that plan is less than one-half year, the service credit
56.24 must be ignored and a refund of contributions made to the person in accord with that
56.25 plan's refund provisions.

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

56.27 Sec. 71. Minnesota Statutes 2008, section 356.302, subdivision 3, is amended to read:

56.28 Subd. 3. **General employee plan eligibility requirements.** A disabled member
56.29 of a covered retirement plan who has credit for allowable service in a combination of
56.30 general employee retirement plans is entitled to a combined service disability benefit
56.31 if the member:

56.32 (1) is less than the normal retirement age on the date of the application for the
56.33 disability benefit;

56.34 (2) has become totally and permanently disabled;

57.1 (3) has credit for allowable service in any combination of general employee
57.2 retirement plans totaling at least ~~three years~~ the number of years required by the applicable
57.3 retirement plan with the longest service credit requirement for disability benefit receipt;

57.4 (4) has credit for at least one-half year of allowable service with the current general
57.5 employee retirement plan before the commencement of the disability;

57.6 (5) has at least three continuous years of allowable service credit by the general
57.7 employee retirement plan or has at least a total of three years of allowable service credit
57.8 by a combination of general employee retirement plans in a 72-month period during
57.9 which no interruption of allowable service credit from a termination of employment
57.10 exceeded 29 days; and

57.11 (6) was not receiving a retirement annuity or disability benefit from any covered
57.12 general employee retirement plan at the time of the commencement of the disability.

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

57.14 Sec. 72. Minnesota Statutes 2008, section 356.302, subdivision 4, is amended to read:

57.15 Subd. 4. **Public safety plan eligibility requirements.** A disabled member of a
57.16 covered retirement plan who has credit for allowable service in a combination of public
57.17 safety employee retirement plans is entitled to a combined service disability benefit if the
57.18 member:

57.19 (1) has become occupationally disabled;

57.20 (2) has credit for allowable service in any combination of public safety employee
57.21 retirement plans totaling at least ~~one year~~ the minimum period of service credit required by
57.22 the applicable retirement plan with the longest service credit eligibility requirement for the
57.23 receipt of a duty-related disability benefit if the disability is duty-related or totaling at least
57.24 ~~three years~~ the minimum period of service credit required by the applicable retirement
57.25 plan with the longest service credit eligibility requirement for a disability benefit that is
57.26 not duty-related if the disability is not duty-related;

57.27 (3) has credit for at least one-half year of allowable service with the current public
57.28 safety employee retirement plan before the commencement of the disability; and

57.29 (4) was not receiving a retirement annuity or disability benefit from any covered
57.30 public safety employee retirement plan at the time of the commencement of the disability.

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

57.32 Sec. 73. Minnesota Statutes 2008, section 356.302, subdivision 5, is amended to read:

58.1 Subd. 5. **General and public safety plan eligibility requirements.** A disabled
58.2 member of a covered retirement plan who has credit for allowable service in a combination
58.3 of both a public safety employee retirement plan and general employee retirement plan
58.4 must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined
58.5 service disability benefit from the applicable general employee and public safety
58.6 employee retirement plans, except that the person need only be a member of a covered
58.7 retirement plan at the time of the commencement of the disability, that the person must
58.8 have allowable service credit for the applicable retirement plan with the longest service
58.9 credit eligibility requirement for the receipt of a disability benefit, and that the minimum
58.10 allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3)
58.11 and (4), may be met in any combination of covered retirement plans.

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

58.13 Sec. 74. Minnesota Statutes 2008, section 356.303, subdivision 2, is amended to read:

58.14 Subd. 2. **Entitlement; eligibility.** Notwithstanding any provision of law to the
58.15 contrary governing a covered retirement plan, a person who is the survivor of a deceased
58.16 member of a covered retirement plan may receive a combined service survivor benefit
58.17 from each covered retirement plan in which the deceased member had credit for at least
58.18 one-half year of allowable service if the deceased member:

58.19 (1) had credit for sufficient allowable service in any combination of covered
58.20 retirement plans to meet ~~any~~ the minimum allowable service credit requirement of the
58.21 applicable covered retirement fund with the longest allowable service credit requirement
58.22 for qualification for a survivor benefit or annuity;

58.23 (2) had credit for at least one-half year of allowable service with the most recent
58.24 covered retirement plan before the date of death and was an active member of that covered
58.25 retirement plan on the date of death; and

58.26 (3) was not receiving a retirement annuity from any covered retirement plan on the
58.27 date of death.

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

58.29 Sec. 75. Minnesota Statutes 2008, section 356.315, subdivision 5, is amended to read:

58.30 Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4
58.31 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if
58.32 employed as a correctional state employee after June 30, 2010.

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

59.1 Sec. 76. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is
59.2 amended to read:

59.3 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
59.4 otherwise provided in subdivision 1a, 1b, 1c, 1d, or 1e, retirement annuity, disability
59.5 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
59.6 postretirement adjustment annually on January 1, as follows:

59.7 (1) a postretirement increase of 2.5 percent must be applied each year, effective
59.8 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
59.9 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
59.10 increase; and

59.11 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
59.12 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
59.13 percent for each month that the person has been receiving an annuity or benefit must be
59.14 applied, effective on January 1 following the calendar year in which the person has been
59.15 retired for less than 12 months.

59.16 (b) The increases provided by this ~~section~~ subdivision commence on January 1, 2010.

59.17 (c) An increase in annuity or benefit payments under this section must be made
59.18 automatically unless written notice is filed by the annuitant or benefit recipient with the
59.19 executive director of the covered retirement plan requesting that the increase not be made.

59.20 (d) The retirement annuity payable to a person who retires before becoming eligible
59.21 for Social Security benefits and who has elected the optional payment as provided in
59.22 section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain
59.23 retirement annuity and a life retirement annuity for the purposes of any postretirement
59.24 adjustment. The period certain retirement annuity plus the life retirement annuity must be
59.25 the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65,~~
59.26 ~~or normal retirement age, as selected by the member at retirement, for an annuity amount~~
59.27 ~~payable under section 354.35.~~ A postretirement adjustment granted on the period certain
59.28 retirement annuity must terminate when the period certain retirement annuity terminates.

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

59.30 Sec. 77. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
59.31 a subdivision to read:

59.32 **Subd. 1a. Annual postretirement adjustments; Minnesota State Retirement**
59.33 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
59.34 benefit, or survivor benefit recipients of the legislators retirement plan, the general state
59.35 employees retirement plan, the correctional state employees retirement plan, the elected

60.1 state officers retirement plan, the unclassified state employees retirement program, and the
60.2 judges retirement plan are entitled to a postretirement adjustment annually on January
60.3 1, as follows:

60.4 (1) a postretirement increase of two percent must be applied each year, effective on
60.5 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
60.6 has been receiving an annuity or a benefit for at least 18 full months before the January 1
60.7 increase; and

60.8 (2) for each annuitant or benefit recipient who has been receiving an annuity or
60.9 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
60.10 percent for each month that the person has been receiving an annuity or benefit must be
60.11 applied, effective January 1, following the calendar year in which the person has been
60.12 retired for at least six months, but has been retired for less than 18 months.

60.13 (b) The increases provided by this subdivision commence on January 1, 2011.
60.14 Increases under this subdivision for the general state employees retirement plan, the
60.15 correctional state employees retirement plan, or the judges retirement plan terminate
60.16 on December 31 of the calendar year in which the actuarial valuation prepared by the
60.17 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
60.18 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
60.19 market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial
60.20 accrued liability of the retirement plan and increases under subdivision 1 recommence
60.21 after that date. Increases under this subdivision for the legislators retirement plan or the
60.22 elected state officers retirement plan terminate on December 31 of the calendar year in
60.23 which the actuarial valuation prepared by the approved actuary under sections 356.214 and
60.24 356.215 and the standards for actuarial work promulgated by the Legislative Commission
60.25 on Pensions and Retirement indicates that the market value of assets of the general state
60.26 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability
60.27 of the retirement plan and increases under subdivision 1 recommence after that date.

60.28 (c) An increase in annuity or benefit payments under this subdivision must be made
60.29 automatically unless written notice is filed by the annuitant or benefit recipient with the
60.30 executive director of the applicable covered retirement plan requesting that the increase
60.31 not be made.

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

60.33 Sec. 78. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
60.34 a subdivision to read:

61.1 **Subd. 1b. Annual postretirement adjustments; PERA; general employees**
61.2 **retirement plan and local government correctional retirement plan.** (a) Retirement
61.3 annuity, disability benefit, or survivor benefit recipients of the general employees
61.4 retirement plan of the Public Employees Retirement Association and the local government
61.5 correctional service retirement plan are entitled to a postretirement adjustment annually
61.6 on January 1, as follows:

61.7 (1) for January 1, 2011, and each successive January 1 until funding stability is
61.8 restored for the applicable retirement plan, a postretirement increase of one percent must
61.9 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
61.10 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
61.11 12 full months as of the current June 30;

61.12 (2) for January 1, 2011, and each successive January 1 until funding stability is
61.13 restored for the applicable retirement plan, for each annuitant or benefit recipient who has
61.14 been receiving an annuity or a benefit for at least one full month, but less than 12 full
61.15 months as of the current June 30, an annual postretirement increase of 1/12 of one percent
61.16 for each month the person has been receiving an annuity or benefit must be applied;

61.17 (3) for each January 1 following the restoration of funding stability for the applicable
61.18 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
61.19 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit
61.20 recipient who has been receiving an annuity or benefit for at least 12 full months as of
61.21 the current June 30; and

61.22 (4) for each January 1 following restoration of funding stability for the applicable
61.23 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
61.24 a benefit for at least one full month, but less than 12 full months as of the current June
61.25 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
61.26 has been receiving an annuity or benefit must be applied.

61.27 (b) Funding stability is restored when the market value of assets of the applicable
61.28 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
61.29 applicable plan in the most recent prior actuarial valuation prepared under section 356.215
61.30 and the standards for actuarial work by the approved actuary retained by the Public
61.31 Employees Retirement Association under section 356.214.

61.32 (c) If, after applying the increase as provided for in paragraph (a), clauses (3)
61.33 and (4), the market value of the applicable retirement plan is determined in the next
61.34 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
61.35 of the actuarial accrued liability of any of the applicable Public Employees Retirement

62.1 Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be
62.2 applied as of the next successive January until funding stability is again restored.

62.3 (d) An increase in annuity or benefit payments under this section must be made
62.4 automatically unless written notice is filed by the annuitant or benefit recipient with the
62.5 executive director of the Public Employees Retirement Association requesting that the
62.6 increase not be made.

62.7 (e) The retirement annuity payable to a person who retires before becoming eligible
62.8 for Social Security benefits and who has elected the optional payment, as provided in
62.9 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
62.10 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
62.11 The period-certain retirement annuity plus the life retirement annuity must be the
62.12 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
62.13 adjustment granted on the period-certain retirement annuity must terminate when the
62.14 period-certain retirement annuity terminates.

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

62.16 Sec. 79. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
62.17 a subdivision to read:

62.18 Subd. 1c. **Annual postretirement adjustments; PERA-P&F.** (a) Retirement
62.19 annuity, disability benefit, or survivor benefit recipients of the public employees police
62.20 and fire retirement plan are entitled to a postretirement adjustment annually on January
62.21 1, as follows:

62.22 (1) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit
62.23 recipient who has been receiving the annuity or benefit for at least 12 full months as of the
62.24 immediate preceding June 30, an amount equal to one percent in each year;

62.25 (2) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit
62.26 recipient who has been receiving the annuity or benefit for at least one full month as of the
62.27 immediate preceding June 30, an amount equal to 1/12 of one percent in each year;

62.28 (3) for January 1, 2013, and each successive January 1 that follows the loss of
62.29 funding stability as defined under paragraph (b) until funding stability as defined under
62.30 paragraph (b) is again restored, for each annuitant or benefit recipient who has been
62.31 receiving the annuity or benefit for at least 12 full months as of the immediate preceding
62.32 June 30, an amount equal to the percentage increase in the Consumer Price Index for
62.33 urban wage earners and clerical workers all items index published by the Bureau of Labor
62.34 Statistics of the United States Department of Labor between the immediate preceding June
62.35 30 and the June 30 occurring 12 months previous, but not to exceed 1.5 percent;

63.1 (4) for January 1, 2013, and each successive January 1 that follows the loss of
63.2 funding stability as defined under paragraph (b) until funding stability as defined under
63.3 paragraph (b) is again restored, for each annuitant or benefit recipient who has been
63.4 receiving the annuity or benefit for at least one full month as of the immediate preceding
63.5 June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index
63.6 for urban wage earners and clerical workers all items index published by the Bureau
63.7 of Labor Statistics of the United States Department of Labor between the immediate
63.8 preceding June 30 and the June 30 occurring 12 months previous for each full month of
63.9 annuity or benefit receipt, but not to exceed 1/12 of 1.5 percent for each full month of
63.10 annuity or benefit receipt;

63.11 (5) for each January 1 following the restoration of funding stability as defined under
63.12 paragraph (b) and during the continuation of funding stability as defined under paragraph
63.13 (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit
63.14 for at least 12 full months as of the immediate preceding June 30, an amount equal to the
63.15 percentage increase in the Consumer Price Index for urban wage earners and clerical
63.16 workers all items index published by the Bureau of Labor Statistics of the United States
63.17 Department of Labor between the immediate preceding June 30 and the June 30 occurring
63.18 12 months previous, but not to exceed 2.5 percent; and

63.19 (6) for each January 1 following the restoration of funding stability as defined under
63.20 paragraph (b) and during the continuation of funding stability as defined under paragraph
63.21 (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit
63.22 for at least one full month as of the immediate preceding June 30, an amount equal to
63.23 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and
63.24 clerical workers all items index published by the Bureau of Labor Statistics of the United
63.25 States Department of Labor between the immediate preceding June 30 and the June 30
63.26 occurring 12 months previous for each full month of annuity or benefit receipt, but not to
63.27 exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt.

63.28 (b) Funding stability is restored when the market value of assets of the public
63.29 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
63.30 accrued liabilities of the applicable plan in the most recent prior actuarial valuation
63.31 prepared under section 356.215 and under the standards for actuarial work of the
63.32 Legislative Commission on Pensions and Retirement by the approved actuary retained by
63.33 the Public Employees Retirement Association under section 356.214.

63.34 (c) An increase in annuity or benefit payments under this section must be made
63.35 automatically unless written notice is filed by the annuitant or benefit recipient with the

64.1 executive director of the Public Employees Retirement Association requesting that the
64.2 increase not be made.

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

64.4 Sec. 80. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
64.5 a subdivision to read:

64.6 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

64.7 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
64.8 Retirement Association are entitled to a postretirement adjustment annually on January
64.9 1, as follows:

64.10 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

64.11 (2) for January 1, 2013, and each successive January 1 until funding stability is
64.12 restored, a postretirement increase of two percent must be applied each year, effective on
64.13 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
64.14 who has been receiving an annuity or a benefit for at least 18 full months prior to the
64.15 January 1 increase;

64.16 (3) for January 1, 2013, and each successive January 1 until funding stability is
64.17 restored, for each annuitant or benefit recipient who has been receiving an annuity or
64.18 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
64.19 percent for each month the person has been receiving an annuity or benefit must be
64.20 applied, effective January 1, following the year in which the person has been retired
64.21 for less than 12 months;

64.22 (4) for each January 1 following the restoration of funding stability, a postretirement
64.23 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
64.24 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
64.25 annuity or a benefit for at least 18 full months prior to the January 1 increase; and

64.26 (5) for each January 1 following the restoration of funding stability, for each
64.27 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least
64.28 six full months, an annual postretirement increase of 1/12 of 2.5 percent for each month
64.29 the person has been receiving an annuity or benefit must be applied, effective January 1,
64.30 following the year in which the person has been retired for less than 12 months.

64.31 (b) Funding stability is restored when the market value of assets of the Teachers
64.32 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
64.33 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
64.34 under section 356.215 and the standards for actuarial work by the approved actuary
64.35 retained by the Teachers Retirement Association under section 356.214.

65.1 (c) An increase in annuity or benefit payments under this section must be made
65.2 automatically unless written notice is filed by the annuitant or benefit recipient with the
65.3 executive director of the Teachers Retirement Association requesting that the increase
65.4 not be made.

65.5 (d) The retirement annuity payable to a person who retires before becoming eligible
65.6 for Social Security benefits and who has elected the optional payment as provided in
65.7 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
65.8 retirement annuity for the purposes of any postretirement adjustment. The period-certain
65.9 retirement annuity plus the life retirement annuity must be the annuity amount payable
65.10 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
65.11 annuity amount payable under section 354.35. A postretirement adjustment granted on
65.12 the period-certain retirement annuity must terminate when the period-certain retirement
65.13 annuity terminates.

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

65.15 Sec. 81. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
65.16 a subdivision to read:

65.17 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

65.18 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
65.19 retirement plan are entitled to a postretirement adjustment annually on January 1, as
65.20 follows:

65.21 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
65.22 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
65.23 has been receiving an annuity or a benefit for at least 18 full months before the January 1
65.24 increase; and

65.25 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
65.26 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent
65.27 for each month that the person has been receiving an annuity or benefit must be applied,
65.28 effective January 1, following the calendar year in which the person has been retired for at
65.29 least six months, but has been retired for less than 18 months.

65.30 (b) The increases provided by this subdivision commence on January 1, 2011.
65.31 Increases under this subdivision for the State Patrol retirement plan terminate on December
65.32 31 of the calendar year in which the actuarial valuation prepared by the approved actuary
65.33 under sections 356.214 and 356.215 and the standards for actuarial work promulgated by
65.34 the Legislative Commission on Pensions and Retirement indicates that the market value of

66.1 assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability
66.2 of the retirement plan and increases under subdivision 1 recommence after that date.

66.3 (c) An increase in annuity or benefit payments under this subdivision must be made
66.4 automatically unless written notice is filed by the annuitant or benefit recipient with the
66.5 executive director of the applicable covered retirement plan requesting that the increase
66.6 not be made.

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

66.8 Sec. 82. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
66.9 a subdivision to read:

66.10 Subd. 3. **Actuarial valuation reports until funding is stabilized.** Notwithstanding
66.11 any provision of section 356.215, subdivision 8, to the contrary, until the actuarial
66.12 valuations, prepared annually by the approved actuary under sections 356.214 and
66.13 356.215 and the standards for actuarial work promulgated by the Legislative Commission
66.14 on Pensions and Retirement, indicate that the market value of assets of the applicable
66.15 covered plans equals or exceeds 90 percent of the actuarial accrued liabilities, the actuarial
66.16 valuation reports must utilize a postretirement interest rate assumption that is equal to the
66.17 difference between the preretirement interest rate assumption provided in section 356.215,
66.18 subdivision 8, and the stated annual postretirement adjustment rate provided under this
66.19 section, as applicable to each covered plan.

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

66.21 Sec. 83. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

66.22 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
66.23 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
66.24 written application, the retired member is entitled to the payment, in a lump sum, of the
66.25 value of the person's amount under subdivision 2, plus annual compound interest ~~at~~. For
66.26 the general state employees retirement plan, the correctional state employees retirement
66.27 plan, the general employees retirement plan of the Public Employees Retirement
66.28 Association, the public employees police and fire retirement plan, the local government
66.29 correctional employees retirement plan, and the teachers retirement plan, the annual
66.30 interest rate is six percent from the date on which the amount was deducted from the
66.31 retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and
66.32 no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association,
66.33 the annual interest is six percent from the date on which the amount was deducted from the

67.1 retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and
67.2 no interest after June 30, 2010. For the St. Paul Teachers Retirement Fund Association,
67.3 the annual interest is the ~~compound annual~~ rate of six percent from the date that the
67.4 amount was deducted from the retirement annuity to the date of payment.

67.5 (b) The written application must be on a form prescribed by the chief administrative
67.6 officer of the applicable retirement plan.

67.7 (c) If the retired member dies before the payment provided for in paragraph (a) is
67.8 made, the amount is payable, upon written application, to the deceased person's surviving
67.9 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
67.10 deceased person's estate.

67.11 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
67.12 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
67.13 permits, the retired member may elect to have all or any portion of the payment amount
67.14 under this section paid in the form of a direct rollover to an eligible retirement plan as
67.15 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
67.16 retired member. If the retired member dies with a balance remaining payable under this
67.17 section, the surviving spouse of the retired member, or if none, the deceased person's
67.18 designated beneficiary, or if none, the administrator of the deceased person's estate may
67.19 elect a direct rollover under this paragraph.

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

67.21 Sec. 84. Minnesota Statutes 2009 Supplement, section 423A.02, subdivision 3, is
67.22 amended to read:

67.23 Subd. 3. **Reallocation of amortization or supplementary amortization state**
67.24 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
67.25 amortization aid and supplemental amortization aid distributed under subdivisions 1
67.26 and 1a that is not distributed for any reason to a municipality for use by a local police
67.27 or salaried fire relief association must be distributed by the commissioner of revenue
67.28 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
67.29 derived under this paragraph to the Teachers Retirement Association, ten percent to the
67.30 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
67.31 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
67.32 respective funds. These payments shall be made on or before June 30 each fiscal year. If
67.33 the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility
67.34 for this aid ceases. Amounts remaining in the undistributed balance account at the end of
67.35 the biennium if aid eligibility ceases cancel to the general fund.

68.1 (b) In order to receive amortization and supplementary amortization aid under
 68.2 paragraph (a), Independent School District No. 625, St. Paul, must make contributions
 68.3 to the St. Paul Teachers Retirement Fund Association in accordance with the following
 68.4 schedule:

68.5	Fiscal Year	Amount
68.6	1996	\$ 0
68.7	1997	\$ 0
68.8	1998	\$ 200,000
68.9	1999	\$ 400,000
68.10	2000	\$ 600,000
68.11	2001 and thereafter	\$ 800,000

68.12 (c) Special School District No. 1, Minneapolis, and the city of Minneapolis must
 68.13 each make contributions to the Teachers Retirement Association in accordance with the
 68.14 following schedule:

68.15	Fiscal Year	City amount	School district amount
68.16			
68.17	1996	\$ 0	\$ 0
68.18	1997	\$ 0	\$ 0
68.19	1998	\$ 250,000	\$ 250,000
68.20	1999	\$ 400,000	\$ 400,000
68.21	2000	\$ 550,000	\$ 550,000
68.22	2001	\$ 700,000	\$ 700,000
68.23	2002	\$ 850,000	\$ 850,000
68.24	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

68.25 ~~(d) Money contributed under paragraph (a) and either paragraph (b) or (c), as~~
 68.26 ~~applicable, must be credited to a separate account in the applicable teachers retirement~~
 68.27 ~~fund and may not be used in determining any benefit increases. The separate account~~
 68.28 ~~terminates for a fund when the aid payments to the fund under paragraph (a) cease.~~

68.29 ~~(e)~~ (d) Thirty percent of the difference between \$5,720,000 and the current year
 68.30 amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not
 68.31 distributed for any reason to a municipality for use by a local police or salaried firefighter
 68.32 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
 68.33 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 68.34 relief associations.

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

68.36 Sec. 85. **LOCAL RETIREMENT FUND INVESTMENT AUTHORITIES**
 68.37 **STUDY.**

69.1 A study group consisting of representatives from pension plans subject to Minnesota
69.2 Statutes, section 356A.06, subdivision 6 or 7, shall be convened by the state auditor to
69.3 study investment-related provisions, authorities, and limitations under Minnesota Statutes,
69.4 chapter 356A, and related sections of other chapters. Administrative support for the
69.5 study group shall be provided by the state auditor. The study group shall prepare a
69.6 report to include an assessment of the effectiveness of current statutory prescriptions,
69.7 options for change, and recommendations for consideration by the governor and the
69.8 legislature during the 2011 legislative session. The report will be provided no later than
69.9 January 15, 2011, to the executive director of the Legislative Commission on Pensions and
69.10 Retirement, the chair and ranking minority caucus member of the senate State and Local
69.11 Government Operations and Oversight Committee, and the chair and ranking minority
69.12 caucus member of the house State and Local Government Operations Reform, Technology
69.13 and Elections Committee.

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

69.15 Sec. 86. **DEFINED CONTRIBUTION PLAN STUDY.**

69.16 The executive directors of the Minnesota State Retirement System, the Public
69.17 Employees Retirement Association, and the Teachers Retirement Association shall jointly
69.18 conduct a study of defined benefit, defined contribution, and other alternative retirement
69.19 plans for Minnesota public employees. The study must include analysis of the feasibility,
69.20 sustainability, financial impacts, and other design considerations of these retirement plans.
69.21 The report must be provided no later than June 1, 2011, to the chair, the vice-chair, and the
69.22 executive director of the Legislative Commission on Pensions and Retirement.

69.23 Sec. 87. **BYLAW AUTHORIZATION.**

69.24 Consistent with the requirements of Minnesota Statutes, section 354A.12,
69.25 subdivision 4, the board of the Duluth Teachers Retirement Fund Association is authorized
69.26 to revise the bylaws or articles of incorporation so that the requirements of this act apply
69.27 to the old law coordinated program.

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

69.29 Sec. 88. **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION;**
69.30 **TEMPORARY SUSPENSION OF POSTRETIREMENT ADJUSTMENT.**

70.1 Notwithstanding Minnesota Statutes, section 354A.29, no postretirement benefit
70.2 adjustment to benefit recipients of the St. Paul Teachers Retirement Fund Association
70.3 shall be provided for the year commencing January 1, 2011.

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

70.5 Sec. 89. **REPEALER.**

70.6 Minnesota Statutes 2008, section 354A.27, subdivision 1, is repealed.

70.7 **EFFECTIVE DATE.** This section is effective July 1, 2010.

70.8 **ARTICLE 2**

70.9 **MSRS ADMINISTRATIVE PROVISIONS**

70.10 Section 1. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

70.11 Subd. 2a. **Included employees.** (a) "State employee" includes:

70.12 (1) employees of the Minnesota Historical Society;

70.13 (2) employees of the State Horticultural Society;

70.14 (3) employees of the Minnesota Crop Improvement Association;

70.15 (4) employees of the adjutant general ~~who~~ whose salaries are paid from federal funds
70.16 and who are not covered by any federal civilian employees retirement system;

70.17 (5) employees of the Minnesota State Colleges and Universities who are employed
70.18 under the university or college activities program;

70.19 (6) currently contributing employees covered by the system who are temporarily
70.20 employed by the legislature during a legislative session or any currently contributing
70.21 employee employed for any special service as defined in subdivision 2b, clause (8);

70.22 (7) employees of the legislature who are appointed without a limit on the duration
70.23 of their employment and persons employed or designated by the legislature or by a
70.24 legislative committee or commission or other competent authority to conduct a special
70.25 inquiry, investigation, examination, or installation;

70.26 (8) trainees who are employed on a full-time established training program
70.27 performing the duties of the classified position for which they will be eligible to receive
70.28 immediate appointment at the completion of the training period;

70.29 (9) employees of the Minnesota Safety Council;

70.30 (10) any employees who are on authorized leave of absence from the Transit
70.31 Operating Division of the former Metropolitan Transit Commission and who are employed
70.32 by the labor organization which is the exclusive bargaining agent representing employees
70.33 of the Transit Operating Division;

71.1 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
71.2 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
71.3 Control Commission, ~~or Metropolitan Radio Board~~ unless excluded under subdivision 2b
71.4 or are covered by another public pension fund or plan under section 473.415, subdivision 3;

71.5 (12) judges of the Tax Court;

71.6 (13) personnel who were employed on June 30, 1992, by the University of
71.7 Minnesota in the management, operation, or maintenance of its heating plant facilities,
71.8 whose employment transfers to an employer assuming operation of the heating plant
71.9 facilities, so long as the person is employed at the University of Minnesota heating plant
71.10 by that employer or by its successor organization;

71.11 (14) personnel who are employed as seasonal help employees in the classified or
71.12 unclassified service employed by the Department of Revenue;

71.13 (15) persons who are employed by the Department of Commerce as a peace officer
71.14 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the
71.15 mandatory retirement age specified in section 43A.34, subdivision 4;

71.16 (16) employees of the University of Minnesota unless excluded under subdivision
71.17 2b, clause (3);

71.18 (17) employees of the Middle Management Association whose employment began
71.19 after July 1, 2007, and to whom section 352.029 does not apply; and

71.20 (18) employees of the Minnesota Government Engineers Council to whom section
71.21 352.029 does not apply.

71.22 (b) Employees specified in paragraph (a), clause (13), are included employees under
71.23 paragraph (a) if employer and employee contributions are made in a timely manner in the
71.24 amounts required by section 352.04. Employee contributions must be deducted from
71.25 salary. Employer contributions are the sole obligation of the employer assuming operation
71.26 of the University of Minnesota heating plant facilities or any successor organizations to
71.27 that employer.

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

71.29 Sec. 2. Minnesota Statutes 2008, section 352.03, subdivision 4, is amended to read:

71.30 Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

71.31 (1) elect a chair;

71.32 (2) appoint an executive director;

71.33 (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D,
71.34 and 490 and transact the business of the system, subject to the limitations of law;

72.1 (4) consider and dispose of, or take any other action the board of directors deems
72.2 appropriate concerning, denials of applications for annuities or disability benefits under
72.3 this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and
72.4 others pertaining to the retirement of employees and the operation of the system;

72.5 (5) oversee the administration of the ~~state~~ deferred compensation plan established
72.6 in section 352.965; and

72.7 (6) oversee the administration of the health care savings plan established in section
72.8 352.98.

72.9 (b) The board shall advise the director on any matters relating to the system and
72.10 carrying out functions and purposes of this chapter. The board's advice shall control.

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

72.12 Sec. 3. Minnesota Statutes 2008, section 352.04, subdivision 9, is amended to read:

72.13 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the
72.14 salary of an employee for the retirement fund in ~~error~~ excess of required amounts must,
72.15 upon discovery and verification by the department making the deduction, be refunded to
72.16 the employee.

72.17 (b) If a deduction for the retirement fund is taken from a salary warrant or check,
72.18 and the check is canceled or the amount of the warrant or check returned to the funds of
72.19 the department making the payment, the sum deducted, or the part of it required to adjust
72.20 the deductions, must be refunded to the department or institution if the department applies
72.21 for the refund on a form furnished by the director. The department's payments must
72.22 likewise be refunded to the department.

72.23 ~~(c) Employee deductions and employer contributions taken in error may be directly~~
72.24 ~~transferred, without interest, to another Minnesota public employee retirement plan by~~
72.25 ~~which the employee is actually covered.~~

72.26 ~~For purposes of this subdivision, a Minnesota public pension plan means a plan~~
72.27 ~~specified in section 356.30, subdivision 3, or the plan governed by chapter 354B.~~

72.28 (c) If erroneous employee deductions and employer contributions are caused by an
72.29 error in plan coverage involving the plan and any other plans specified in section 356.99,
72.30 that section applies. If the employee should have been covered by the plan governed by
72.31 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
72.32 taken in error must be directly transferred to the applicable employee's account in the
72.33 correct retirement plan, with interest at the rate of 0.71 percent per month, compounded
72.34 annually, from the first day of the month following the month in which coverage should

73.1 have commenced in the correct defined contribution plan until the end of the month in
73.2 which the transfer occurs.

73.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

73.4 Sec. 4. Minnesota Statutes 2008, section 352.115, subdivision 10, is amended to read:

73.5 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received
73.6 as a temporary employee of the legislature during a legislative session, if any retired
73.7 employee again becomes entitled to receive salary or wages from ~~the state, or any~~
73.8 employer who employs state employees as that term is defined in section 352.01,
73.9 subdivision 2, ~~other than salary or wages received as a temporary employee of the~~
73.10 ~~legislature during a legislative session~~ in a position covered by this chapter, the annuity or
73.11 retirement allowance ~~shall~~ must cease when the retired employee has earned an amount
73.12 equal to the annual maximum earnings allowable for that age for the continued receipt of
73.13 full benefit amounts monthly under the federal old age, survivors, and disability insurance
73.14 program as set by the secretary of health and human services under United States Code,
73.15 title 42, section 403, in any calendar year. If the retired employee has not yet reached the
73.16 minimum age for the receipt of Social Security benefits, the maximum earnings for the
73.17 retired employee ~~shall be~~ are equal to the annual maximum earnings allowable for the
73.18 minimum age for the receipt of Social Security benefits.

73.19 (b) The balance of the annual retirement annuity after cessation must be handled or
73.20 disposed of as provided in section 356.47.

73.21 (c) The annuity must be resumed when state service ends, or, if the retired employee
73.22 is still employed at the beginning of the next calendar year, at the beginning of that
73.23 calendar year, and payment must again end when the retired employee has earned the
73.24 applicable reemployment earnings maximum specified in this subdivision. If the retired
73.25 employee is granted a sick leave without pay, but not otherwise, the annuity or retirement
73.26 allowance must be resumed during the period of sick leave.

73.27 (d) No payroll deductions for the retirement fund may be made from the earnings of
73.28 a reemployed retired employee.

73.29 (e) No change ~~shall~~ may be made in the monthly amount of an annuity or retirement
73.30 allowance because of the reemployment of an annuitant.

73.31 (f) If a reemployed annuitant whose annuity is suspended under paragraph (a)
73.32 is having insurance premium amounts withheld under section 356.87, subdivision 2,
73.33 insurance premium amounts must continue to be withheld and transferred from the
73.34 suspended portion of the annuity. The balance of the annual retirement annuity after

74.1 cessation, after deduction of the insurance premium amounts, must be treated as specified
74.2 in paragraph (b).

74.3 **EFFECTIVE DATE.** This section is effective January 1, 2010.

74.4 Sec. 5. Minnesota Statutes 2008, section 352.91, is amended by adding a subdivision
74.5 to read:

74.6 **Subd. 6. Correction of plan coverage errors.** If erroneous employee deductions
74.7 and employer contributions are caused by an error in plan coverage involving the
74.8 correctional state employees retirement plan and any other plan specified in section
74.9 356.99, that section applies.

74.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

74.11 Sec. 6. Minnesota Statutes 2008, section 352.965, subdivision 1, is amended to read:

74.12 Subdivision 1. **Establishment.** (a) The Minnesota ~~state~~ deferred compensation plan
74.13 is established. For purposes of this section, "plan" means the Minnesota ~~state~~ deferred
74.14 compensation plan, unless the context clearly indicates otherwise. The Minnesota State
74.15 Retirement System shall administer the plan.

74.16 (b) The purpose of the plan is to provide a means for a public employee to contribute
74.17 a portion of the employee's compensation to a tax-deferred investment account. The plan
74.18 is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue
74.19 Code, United States Code, title 26, section 457(b), and the applicable regulations under
74.20 Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

74.21 (c) The board of directors of the Minnesota State Retirement System is the plan
74.22 trustee and plan sponsor. The board's executive director is the plan administrator. Fiduciary
74.23 activities of the plan must be undertaken in a manner consistent with chapter 356A.

74.24 (d) The executive director, with the approval of the board of directors, shall
74.25 adopt and amend, as required to maintain tax-qualified status, a written plan document
74.26 specifying the material terms and conditions for eligibility, benefits, applicable limitations,
74.27 and the time and form under which benefit distributions can be made. With the approval
74.28 of the board of directors, the executive director may also establish policies and procedures
74.29 necessary for the administration of the deferred compensation plan.

74.30 (e) The plan document ~~shall~~ must include provisions that are necessary to cause the
74.31 plan to be an eligible deferred compensation plan within the meaning of section 457(b) of
74.32 the Internal Revenue Code. The plan document may provide additional administrative and
74.33 substantive provisions consistent with state law, provided that those provisions ~~will~~ do

75.1 not cause the plan to fail to be an eligible deferred compensation plan within the meaning
75.2 of section 457(b) of the Internal Revenue Code and may include provisions for certain
75.3 optional features and services.

75.4 (f) The board of directors may authorize the executive director to establish and
75.5 administer a Roth 457 plan if authorized by the Internal Revenue Code or a Roth
75.6 individual retirement account as defined under section 408A of the Internal Revenue Code.

75.7 (g) All amounts contributed to the deferred compensation plan and all earnings
75.8 on those amounts must be held in trust, in custodial accounts, or in qualifying annuity
75.9 contracts for the exclusive benefit of the plan participants and beneficiaries, as required by
75.10 section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and
75.11 356A.06, subdivision 1.

75.12 (h) The information and data maintained in the accounts of the participants and
75.13 beneficiaries are private data and ~~shall~~ must not be disclosed to anyone other than the
75.14 participant or beneficiary pursuant to a court order or ~~pursuant to~~ under section 356.49.

75.15 (i) The plan document is not subject to the rule adoption process under the
75.16 Administrative Procedures Act, including section 14.386, but must conform with
75.17 applicable federal and state laws.

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

75.19 Sec. 7. Minnesota Statutes 2008, section 352.965, subdivision 2, is amended to read:

75.20 Subd. 2. **Right to participate in deferred compensation plan.** (a) At the request
75.21 of an officer or employee of the state, an officer or employee of a political subdivision, or
75.22 an employee covered by a retirement fund in section 356.20, subdivision 2, the appointing
75.23 authority shall defer the payment of part of the compensation of the public officer or
75.24 employee through payroll deduction.

75.25 (b) The amount to be deferred must be as provided in ~~a written~~ an agreement
75.26 between the officer or employee and the ~~public employer~~ plan sponsor. The agreement
75.27 must be in a form specified by the executive director of the Minnesota State Retirement
75.28 System and must be consistent with the requirements for an eligible plan under federal
75.29 and state tax laws, regulations, and rulings.

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

75.31 Sec. 8. Minnesota Statutes 2009 Supplement, section 352B.011, subdivision 3, is
75.32 amended to read:

75.33 Subd. 3. **Allowable service.** (a) "Allowable service" means:

76.1 (1) service in a month during which a member is paid a salary from which a member
76.2 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

76.3 (2) for members defined in subdivision 10, clause (1), service in any month for
76.4 which payments have been made to the State Patrol retirement fund under law; ~~and~~

76.5 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
76.6 payments have been made to the State Patrol retirement fund under law, service for which
76.7 payments were made to the State Police officers retirement fund under law after June
76.8 30, 1961, and all prior service which was credited to a member for service on or before
76.9 June 30, 1961;

76.10 (4) any period of authorized leave of absence without pay that does not exceed one
76.11 year and for which the employee obtains credit by payment to the fund under section
76.12 352B.013; and

76.13 (5) eligible periods of uniformed service for which the member obtained service
76.14 credit by payment under section 352B.086 to the fund.

76.15 (b) Allowable service also includes any period of absence from duty by a member
76.16 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
76.17 for which disability the state is liable under the workers' compensation law, until the date
76.18 authorized by the executive director for commencement of payment of a disability benefit
76.19 or until the date of a return to employment.

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

76.21 Sec. 9. **[352B.013] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT**
76.22 **PURCHASE PROCEDURE.**

76.23 Subdivision 1. **Application.** This section specifies the procedure for purchasing
76.24 service credit in the State Patrol retirement plan for authorized leaves of absence under
76.25 section 352B.011, subdivision 3, unless an alternative payment procedure is specified in
76.26 law for a particular form of leave or break in service.

76.27 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in
76.28 this chapter may purchase credit for allowable service in the plan for a period specified
76.29 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
76.30 whichever applies. The employing unit, at its option, may pay the employer portion of the
76.31 amount specified in paragraph (b) on behalf of its employees.

76.32 (b) If payment is received by the executive director within one year from the date
76.33 the employee returned to work following the authorized leave, the payment amount is
76.34 equal to the employee and employer contribution rates specified in section 352B.02 at the
76.35 end of the leave period multiplied by the employee's hourly rate of salary on the date of

77.1 return from the leave of absence and by the days and months of the leave of absence for
77.2 which the employee is eligible for allowable service credit. The payment must include
77.3 compound interest at a monthly rate of 0.71 percent from the last day of the leave period
77.4 until the last day of the month in which payment is received. If payment is received by the
77.5 executive director after one year from the date the employee returned to work following
77.6 the authorized leave, the payment amount is the amount determined under section
77.7 356.551. Payment under this paragraph must be made before the date of termination from
77.8 public employment covered under this chapter.

77.9 (c) If the employee terminates employment covered by this chapter during the leave
77.10 or following the leave rather than returning to covered employment, payment must
77.11 be received by the executive director within 30 days after the termination date. The
77.12 payment amount is equal to the employee and employer contribution rates specified in
77.13 section 352B.02 on the day prior to the termination date, multiplied by the employee's
77.14 hourly rate of salary on that date and by the days and months of the leave of absence
77.15 prior to termination.

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

77.17 Sec. 10. Minnesota Statutes 2008, section 352B.02, is amended by adding a
77.18 subdivision to read:

77.19 Subd. 3. **Correction of plan coverage errors.** If erroneous employee deductions
77.20 and employer contributions are caused by an error in plan coverage involving the State
77.21 Patrol retirement plan and any other plan specified in section 356.99, that section applies.

77.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

77.23 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 7a, is amended to read:

77.24 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
77.25 deductions and employer contributions were erroneously transmitted to the association,
77.26 but should have been transmitted to ~~another Minnesota public pension~~ a plan covered by
77.27 chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous
77.28 employee deductions and employer contributions to the appropriate retirement fund or
77.29 individual account, as applicable, ~~without interest.~~ The time limitations specified in
77.30 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
77.31 plan account must include interest at the rate of 0.71 percent per month, compounded
77.32 annually, from the first day of the month following the month in which coverage should

78.1 have commenced in the defined contribution plan until the end of the month in which
78.2 the transfer occurs.

78.3 ~~(b) For purposes of this subdivision, a Minnesota public pension plan means a~~
78.4 ~~plan specified in section 356.30, subdivision 3, or the plans governed by chapters 353D~~
78.5 ~~and 354B.~~

78.6 ~~(e)~~ (b) A potential transfer under paragraph (a) that is reasonably determined to
78.7 cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal
78.8 Revenue Code, as amended, must not be made by the executive director of the association.
78.9 Within 30 days after being notified by the Public Employees Retirement Association of
78.10 an unmade potential transfer under this paragraph, the employer of the affected person
78.11 must transmit an amount representing the applicable salary deductions and employer
78.12 contributions, without interest, to the retirement fund of the appropriate Minnesota public
78.13 pension plan, or to the applicable individual account if the proper coverage is by a defined
78.14 contribution plan. The association must provide the employing unit a credit for the amount
78.15 of the erroneous salary deductions and employer contributions against future contributions
78.16 from the employer. If the employing unit receives a credit under this paragraph, the
78.17 employing unit is responsible for refunding to the applicable employee any amount that
78.18 had been erroneously deducted from the person's salary.

78.19 (c) If erroneous employee deductions and employer contributions reflect a plan
78.20 coverage error involving any Public Employees Retirement Association plan specified in
78.21 section 356.99 and any other plan specified in that section, section 356.99 applies.

78.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

78.23 Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3a, is amended to read:

78.24 Subd. 3a. **Disposition of suspension or reduction amount.** (a) The balance of
78.25 the annual retirement annuity after suspension or the amount of the retirement annuity
78.26 reduction must be handled or disposed of as provided in section 356.47.

78.27 (b) If a reemployed annuitant whose annuity is suspended is having insurance
78.28 premium amounts withheld under section 356.87, subdivision 2, insurance premium
78.29 amounts must continue to be withheld and transferred from the suspended portion of the
78.30 annuity. The balance of the annual retirement annuity after cessation, after deduction of
78.31 the insurance premium amounts, must be treated as specified in paragraph (a).

78.32 **EFFECTIVE DATE.** This section is effective January 1, 2010.

78.33 Sec. 13. Minnesota Statutes 2008, section 354.42, subdivision 7, is amended to read:

79.1 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions
79.2 taken from the salary of an employee for the retirement fund in ~~error~~ excess of amounts
79.3 required must be refunded to the employee upon the discovery of the error and after the
79.4 verification of the error by the employing unit making the deduction. The corresponding
79.5 excess employer contribution and excess additional employer contribution amounts
79.6 attributable to the erroneous salary deduction must be refunded to the employing unit.

79.7 (b) If salary deductions and employer contributions were erroneously transmitted
79.8 to the retirement fund and should have been transmitted to ~~another Minnesota public~~
79.9 ~~pension~~ the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director
79.10 must transfer these salary deductions and employer contributions to the account of the
79.11 appropriate public pension fund without interest. ~~For purposes of this paragraph, a~~
79.12 ~~Minnesota public pension plan means a plan specified in section 356.30, subdivision 3,~~
79.13 ~~or the plan governed by chapter 354B.~~ person under the applicable plan. The transfer to
79.14 the applicable defined contribution plan account must include interest at the rate of 0.71
79.15 percent per month, compounded annually, from the first day of the month following the
79.16 month in which coverage should have commenced in the defined contribution plan until
79.17 the end of the month in which the transfer occurs.

79.18 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
79.19 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
79.20 must not be made by the executive director. Within 30 days after being notified by the
79.21 Teachers Retirement Association of an unmade potential transfer under this paragraph,
79.22 the employer of the affected person must transmit an amount representing the applicable
79.23 salary deductions and employer contributions, without interest, to the ~~retirement fund of~~
79.24 ~~the appropriate Minnesota public pension plan fund~~ account of the applicable person under
79.25 the appropriate plan. The retirement association must provide a credit for the amount of
79.26 the erroneous salary deductions and employer contributions against future contributions
79.27 from the employer.

79.28 (d) If a salary warrant or check from which a deduction for the retirement fund was
79.29 taken has been canceled or the amount of the warrant or if a check has been returned to
79.30 the funds of the employing unit making the payment, a refund of the amount deducted,
79.31 or any portion of it that is required to adjust the salary deductions, must be made to the
79.32 employing unit.

79.33 (e) Erroneous direct payments of member-paid contributions or erroneous salary
79.34 deductions that were not refunded during the regular payroll cycle processing must be
79.35 refunded to the member, plus interest computed using the rate and method specified in
79.36 section 354.49, subdivision 2.

80.1 (f) Any refund under this subdivision that would cause the plan to fail to be a
80.2 qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not
80.3 be refunded and instead must be credited against future contributions payable by the
80.4 employer. The employer is responsible for refunding to the applicable employee any
80.5 amount that was erroneously deducted from the salary of the employee, with interest as
80.6 specified in paragraph (e).

80.7 (g) If erroneous employee deductions and employer contributions are caused by an
80.8 error in plan coverage involving the plan and any other plan specified in section 356.99,
80.9 that section applies.

80.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

80.11 Sec. 14. Minnesota Statutes 2008, section 354A.12, is amended by adding a
80.12 subdivision to read:

80.13 Subd. 6a. **Erroneous salary deductions or direct payments.** If erroneous
80.14 employee deductions and employer contributions reflect a plan coverage error involving
80.15 any plan covered by this chapter and any plan specified in section 356.99, that section
80.16 applies.

80.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.

80.18 Sec. 15. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

80.19 Subdivision 1. **Restriction; exceptions.** ~~(a)~~ It is unlawful for a school district
80.20 or other governmental subdivision or state agency to levy taxes for; or to contribute
80.21 public funds to a supplemental pension or deferred compensation plan that is established,
80.22 maintained, and operated in addition to a primary pension program for the benefit of the
80.23 governmental subdivision employees other than:

80.24 (1) to a supplemental pension plan that was established, maintained, and operated
80.25 before May 6, 1971;

80.26 (2) to a plan that provides solely for group health, hospital, disability, or death
80.27 benefits;

80.28 (3) to the individual retirement account plan established by chapter 354B;

80.29 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring
80.30 or terminating employee;

80.31 (5) for employees other than personnel employed by the Board of Trustees of the
80.32 Minnesota State Colleges and Universities and covered under the Higher Education
80.33 Supplemental Retirement Plan under chapter 354C, but including city managers covered

81.1 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
81.2 (a), or by the defined contribution plan of the Public Employees Retirement Association
81.3 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
81.4 provided for in a personnel policy of the public employer or in the collective bargaining
81.5 agreement between the public employer and the exclusive representative of public
81.6 employees in an appropriate unit or in the individual employment contract between a city
81.7 and a city manager, and if for each available investment all fees and historic rates of return
81.8 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
81.9 easily comprehended document not to exceed two pages, in an amount matching employee
81.10 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
81.11 one-half of the available elective deferral permitted per year per employee, under the
81.12 Internal Revenue Code:

81.13 (i) to the state of Minnesota deferred compensation plan under section 352.965;

81.14 (ii) in payment of the applicable portion of the contribution made to any investment
81.15 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
81.16 complied with any applicable pension plan provisions of the Internal Revenue Code with
81.17 respect to the tax-sheltered annuity program during the preceding calendar year; or

81.18 (iii) any other deferred compensation plan offered by the employer under section
81.19 457 of the Internal Revenue Code;

81.20 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
81.21 and Universities and not covered by clause (5), to the supplemental retirement plan under
81.22 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
81.23 or in the collective bargaining agreement of the public employer with the exclusive
81.24 representative of the covered employees in an appropriate unit, in an amount matching
81.25 employee contributions on a dollar for dollar basis, but not to exceed an employer
81.26 contribution of \$2,700 a year for each employee;

81.27 (7) to a supplemental plan or to a governmental trust to save for postretirement
81.28 health care expenses qualified for tax-preferred treatment under the Internal Revenue
81.29 Code, if the supplemental plan coverage is provided for in a personnel policy or in the
81.30 collective bargaining agreement of a public employer with the exclusive representative of
81.31 the covered employees in an appropriate unit;

81.32 (8) to the laborers national industrial pension fund or to a laborers local pension
81.33 fund for the employees of a governmental subdivision who are covered by a collective
81.34 bargaining agreement that provides for coverage by that fund and that sets forth a fund
81.35 contribution rate, but not to exceed an employer contribution of \$5,000 per year per
81.36 employee;

82.1 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
82.2 pipefitters local pension fund for the employees of a governmental subdivision who are
82.3 covered by a collective bargaining agreement that provides for coverage by that fund and
82.4 that sets forth a fund contribution rate, but not to exceed an employer contribution of
82.5 \$5,000 per year per employee;

82.6 (10) to the international union of operating engineers pension fund for the employees
82.7 of a governmental subdivision who are covered by a collective bargaining agreement that
82.8 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
82.9 exceed an employer contribution of \$5,000 per year per employee;

82.10 (11) to a supplemental plan organized and operated under the federal Internal
82.11 Revenue Code, as amended, that is wholly and solely funded by the employee's
82.12 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

82.13 (12) to the International Association of Machinists national pension fund for the
82.14 employees of a governmental subdivision who are covered by a collective bargaining
82.15 agreement that provides for coverage by that fund and that sets forth a fund contribution
82.16 rate, but not to exceed an employer contribution of \$5,000 per year per employee; or

82.17 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
82.18 deferred compensation program, if the employee makes a contribution, in an amount that
82.19 does not exceed the total percentage of covered salary under section 353.27, subdivisions
82.20 3 and 3a.

82.21 ~~(b) No governmental subdivision may make a contribution to a deferred~~
82.22 ~~compensation plan operating under section 457 of the Internal Revenue Code for volunteer~~
82.23 ~~or emergency on-call firefighters in lieu of providing retirement coverage under the federal~~
82.24 ~~Old Age, Survivors, and Disability Insurance Program.~~

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

82.26 Sec. 16. Minnesota Statutes 2008, section 356.50, subdivision 4, is amended to read:

82.27 Subd. 4. **Annuity repayment.** Notwithstanding subdivisions 1 and 2, if after being
82.28 discharged, the person commences receipt of an annuity from the applicable plan, and it is
82.29 later determined that the person was wrongfully discharged, the person shall repay the
82.30 annuity received in a lump sum within 60 days of receipt of the back pay award. ~~If the~~
82.31 ~~annuity is not repaid, the person is not entitled to reinstatement in the applicable plan as~~
82.32 ~~an active member, the person is not authorized to make payments under subdivision 2,~~
82.33 ~~paragraph (a), and, for subsequent employment with the employer, the person shall be~~
82.34 ~~treated as a reemployed annuitant.~~

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

83.2 **CORRECTION OF PLAN COVERAGE ERRORS**

83.3 Sec. 17. **[356.99] CORRECTION OF ERRONEOUS DEFINED BENEFIT PLAN**
83.4 **COVERAGE.**

83.5 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs
83.6 (b) to (e) have the meanings given them.

83.7 (b) "Chief administrative officer" means the person selected or elected by the
83.8 governing board of a covered pension plan with primary responsibility to administer the
83.9 covered pension plan, or that person's designee or representative.

83.10 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
83.11 3, except clauses (3), (5), (6), and (11).

83.12 (d) "Governing board" means the governing board of the Minnesota State Retirement
83.13 System, the Public Employees Retirement Association, the Teachers Retirement
83.14 Association, the Duluth Teachers Retirement Fund Association, or the St. Paul Teachers
83.15 Retirement Fund Association.

83.16 (e) "Member" means an active plan member in a covered pension plan.

83.17 Subd. 2. **Treatment of terminated employee coverage error.** Any person
83.18 who terminated the erroneously covered service before a chief administrative officer
83.19 determined the covered pension plan coverage was in error retains the coverage with the
83.20 plan that originally credited the service.

83.21 Subd. 3. **Active employee correction of prospective service coverage.** Upon
83.22 determination by a chief administrative officer that a member is covered by the wrong
83.23 pension plan, the employer must stop remitting the erroneous employee deductions and
83.24 employer contributions and report the employee to the correct covered pension plan for all
83.25 subsequent service.

83.26 Subd. 4. **Active employee treatment of past service.** Any plan member, with past
83.27 service credited in an erroneous plan, retains the coverage for that past service with the
83.28 plan that originally credited that service if the reporting error began earlier than two
83.29 fiscal years prior to the current fiscal year in which the error was determined by the chief
83.30 administrative officer. If the reporting error began within two fiscal years prior to the
83.31 current fiscal year, the pension plan coverage for that past service must be corrected as
83.32 provided in subdivision 5.

83.33 Subd. 5. **Past service transfer procedure.** (a) For cases under subdivision 4
83.34 requiring correction of prior service coverage, on behalf of the applicable member the
83.35 chief administrative officer of the covered pension plan fund that has received erroneous

84.1 employee deductions and employer contributions must transfer to the appropriate covered
84.2 retirement plan fund an amount which is the lesser of all contributions made by or on
84.3 behalf of the member for the period of erroneous membership, or the specific amount
84.4 requested by the chief administrative officer of the other covered pension plan which
84.5 represents the employee deductions and employer contributions that would have been
84.6 made had the member been properly reported.

84.7 (b) If excess employee deductions remain in the member's account after the transfer
84.8 of funds, the remaining erroneous amount must be refunded to the person with interest
84.9 at the rate provided under the general refund law of the applicable covered pension
84.10 plan. The chief administrative officer must also return any remaining excess employer
84.11 contributions by providing to the employer a credit against future contributions payable by
84.12 that employer.

84.13 (c) If the contributions transferred to the correct covered pension plan fund are less
84.14 than the amounts required for the period being corrected, the chief administrative officer
84.15 of the correct covered pension plan fund must collect the remaining employee deductions
84.16 and employer contributions from the employer under laws for recovering deficient
84.17 contributions applicable to the correct covered pension plan, except that no interest is
84.18 chargeable if the additional amounts due under this paragraph are received by the chief
84.19 administrative officer within 30 days of notifying the employer of the amount due.

84.20 (d) A potential transfer under this section that would cause a plan to fail to be a
84.21 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
84.22 made. Within 30 days after being notified by a chief administrative officer of an unmade
84.23 potential transfer under this section, the employer of the member must transmit an amount
84.24 representing the applicable salary deductions and employer contributions, without interest,
84.25 to the fund of the appropriate covered pension plan. The chief administrative officer of the
84.26 covered pension plan which erroneously provided coverage must provide to the employer
84.27 a credit for the amount of the erroneous salary deductions and employer contributions
84.28 against future contributions from that employer.

84.29 (e) Upon transfer of the required assets, or payment from the employer under
84.30 paragraph (d), whichever is applicable, allowable service and salary credit for the period
84.31 being transferred is forfeited in the erroneous plan and is granted in the correct plan.

84.32 **EFFECTIVE DATE.** This section is effective July 1, 2010.

84.33 Sec. 18. Minnesota Statutes 2008, section 490.123, is amended by adding a subdivision
84.34 to read:

85.1 Subd. 4. **Correction of contribution errors.** (a) If erroneous employee deductions
85.2 and employer contributions are caused by an error in plan coverage involving the judges
85.3 retirement plan and any other plan specified in section 356.99, that section applies.

85.4 (b) The provisions of section 352.04, subdivisions 8 and 9, apply to the judges'
85.5 retirement plan, except that if employee deductions or contributions are erroneously
85.6 transmitted to the judges' retirement fund for service rendered after the service credit limit
85.7 under section 490.121, subdivision 22, has been attained, consistent with section 352D.04,
85.8 subdivision 2, no employer contributions may be transferred.

85.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

85.10 Sec. 19. **REPEALER.**

85.11 Minnesota Statutes 2008, sections 352.91, subdivision 5; and 353.88, are repealed.

85.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

85.13 **ARTICLE 3**

85.14 **MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

85.15 Section 1. Minnesota Statutes 2008, section 352.965, subdivision 6, is amended to read:

85.16 Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary
85.17 administrative expenses of the deferred compensation plan may be charged to plan
85.18 participants in the form of an annual fee, an asset-based fee, a percentage of the
85.19 contributions to the plan, or a combination thereof, as set forth in the plan document. The
85.20 executive director of the system at the direction of the board of directors shall establish
85.21 procedures to carry out this section including allocation of administrative costs of the plan
85.22 to participants. Processes and procedures shall be set forth in the plan document. Fees
85.23 cannot be charged on contributions and investment returns attributable to contributions
85.24 made to the Minnesota supplemental investment funds before July 1, 1992.

85.25 (b) The plan document must conform to federal and state tax laws, regulations, and
85.26 rulings, and is not subject to the Administrative Procedure Act.

85.27 (c) The executive director may contract with a third party to perform administrative
85.28 and record keeping functions. The executive director may solicit bids and negotiate such
85.29 contracts. Participating employers must provide the necessary data to the third-party
85.30 record keeper as determined by the executive director. The third-party record keeper and
85.31 the Minnesota State Retirement System shall follow the data privacy provisions under
85.32 chapter 13. The third-party record keeper may not solicit participants for any product or
85.33 services not related to the deferred compensation plan.

86.1 (d) The board of directors may authorize a third-party investment consultant
86.2 to provide investment information and advice, ~~provided that~~ if the offering of such
86.3 information and advice is consistent with the investment advice requirements applicable
86.4 to private plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public
86.5 Law 109-280, section 601.

86.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

86.7 **ARTICLE 4**

86.8 **MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT** 86.9 **PROGRAM AMENDMENTS**

86.10 Section 1. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b,
86.11 is amended to read:

86.12 Subd. 2b. **Excluded employees.** "State employee" does not include:

86.13 (1) students who are employed by the University of Minnesota, or the state colleges
86.14 and universities, unless approved for coverage by the Board of Regents of the University
86.15 of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
86.16 whichever is applicable;

86.17 (2) employees who are eligible for membership in the state Teachers Retirement
86.18 Association, except employees of the Department of Education who have chosen or may
86.19 choose to be covered by the general state employees retirement plan of the Minnesota
86.20 State Retirement System instead of the Teachers Retirement Association;

86.21 (3) employees of the University of Minnesota who are excluded from coverage by
86.22 action of the Board of Regents;

86.23 (4) officers and enlisted personnel in the National Guard and the naval militia who
86.24 are assigned to permanent peacetime duty and who under federal law are or are required to
86.25 be members of a federal retirement system;

86.26 (5) election officers;

86.27 (6) persons who are engaged in public work for the state but who are employed
86.28 by contractors when the performance of the contract is authorized by the legislature or
86.29 other competent authority;

86.30 (7) officers and employees of the senate, or of the house of representatives, or of a
86.31 legislative committee or commission who are temporarily employed;

86.32 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
86.33 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
86.34 employed by the Department of Labor and Industry;

87.1 (9) patient and inmate help who perform services in state charitable, penal, and
87.2 correctional institutions including the Minnesota Veterans Home;

87.3 (10) persons who are employed for professional services where the service is
87.4 incidental to their regular professional duties and whose compensation is paid on a per
87.5 diem basis;

87.6 (11) employees of the Sibley House Association;

87.7 (12) the members of any state board or commission who serve the state intermittently
87.8 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
87.9 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
87.10 from serving more than three years; and the board of managers of the State Agricultural
87.11 Society and its treasurer unless the treasurer is also its full-time secretary;

87.12 (13) state troopers and persons who are described in section 352B.011, subdivision
87.13 10, clauses (2) to (8);

87.14 (14) temporary employees of the Minnesota State Fair who are employed on or
87.15 after July 1 for a period not to extend beyond October 15 of that year; and persons who
87.16 are employed at any time by the state fair administration for special events held on the
87.17 fairgrounds;

87.18 (15) emergency employees who are in the classified service; except that if an
87.19 emergency employee, within the same pay period, becomes a provisional or probationary
87.20 employee on other than a temporary basis, the employee must be considered a "state
87.21 employee" retroactively to the beginning of the pay period;

87.22 (16) temporary employees in the classified service, and temporary employees in the
87.23 unclassified service who are appointed for a definite period of not more than six months
87.24 and who are employed less than six months in any one-year period;

87.25 (17) interns who are hired for six months or less and trainee employees, except
87.26 those listed in subdivision 2a, clause (8);

87.27 (18) persons whose compensation is paid on a fee basis or as an independent
87.28 contractor;

87.29 (19) state employees who are employed by the Board of Trustees of the Minnesota
87.30 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
87.31 subdivision 1, clause (9);

87.32 (20) state employees who in any year have credit for 12 months service as teachers
87.33 in the public schools of the state and as teachers are members of the Teachers Retirement
87.34 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
87.35 incidental employment as a state employee that is not covered by one of the teacher
87.36 retirement associations or systems;

88.1 (21) employees of the adjutant general who are employed on an unlimited
88.2 intermittent or temporary basis in the classified or unclassified service for the support of
88.3 Army and Air National Guard training facilities;

88.4 (22) chaplains and nuns who are excluded from coverage under the federal Old
88.5 Age, Survivors, Disability, and Health Insurance Program for the performance of service
88.6 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
88.7 irrevocable election of coverage has been made under section 3121(r) of the Internal
88.8 Revenue Code of 1986, as amended through December 31, 1992;

88.9 (23) examination monitors who are employed by departments, agencies,
88.10 commissions, and boards to conduct examinations required by law;

88.11 (24) persons who are appointed to serve as members of fact-finding commissions or
88.12 adjustment panels, arbitrators, or labor referees under chapter 179;

88.13 (25) temporary employees who are employed for limited periods under any state or
88.14 federal program for training or rehabilitation, including persons who are employed for
88.15 limited periods from areas of economic distress, but not including skilled and supervisory
88.16 personnel and persons having civil service status covered by the system;

88.17 (26) full-time students who are employed by the Minnesota Historical Society
88.18 intermittently during part of the year and full-time during the summer months;

88.19 (27) temporary employees who are appointed for not more than six months, of
88.20 the Metropolitan Council and of any of its statutory boards, if the board members are
88.21 appointed by the Metropolitan Council;

88.22 (28) persons who are employed in positions designated by the Department of
88.23 Management and Budget as student workers;

88.24 (29) members of trades who are employed by the successor to the Metropolitan
88.25 Waste Control Commission, who have trade union pension plan coverage under a
88.26 collective bargaining agreement, and who are first employed after June 1, 1977;

88.27 (30) off-duty peace officers while employed by the Metropolitan Council;

88.28 (31) persons who are employed as full-time police officers by the Metropolitan
88.29 Council and as police officers are members of the public employees police and fire fund;

88.30 (32) persons who are employed as full-time firefighters by the Department of Military
88.31 Affairs and as firefighters are members of the public employees police and fire fund;

88.32 (33) foreign citizens ~~with~~ who are employed under a work permit of less than three
88.33 years, or an H-1b/JV visa valid for less than three years of employment, unless notice of
88.34 extension is supplied which allows them to work for three or more years as of the date
88.35 that the extension is granted, in which case they are eligible for coverage from the date
88.36 extended; ~~and~~

89.1 (34) persons who are employed by the Board of Trustees of the Minnesota State
89.2 Colleges and Universities and who elected to remain members of the Public Employees
89.3 Retirement Association or the Minneapolis Employees Retirement Fund, whichever
89.4 applies, under Minnesota Statutes 1994, section 136C.75; and

89.5 (35) employees who have elected to transfer service to the unclassified program
89.6 under section 352D.02, subdivision 1d.

89.7 **EFFECTIVE DATE.** This section is effective June 30, 2010.

89.8 Sec. 2. Minnesota Statutes 2008, section 352D.015, subdivision 4, is amended to read:

89.9 Subd. 4. **General fund.** "General fund" means the general state employees
89.10 retirement fund under chapter 352 ~~except the moneys for the unclassified program.~~

89.11 **EFFECTIVE DATE.** This section is effective June 30, 2010.

89.12 Sec. 3. Minnesota Statutes 2008, section 352D.015, is amended by adding a
89.13 subdivision to read:

89.14 Subd. 4a. **General employees retirement plan.** "General employees retirement
89.15 plan" means the general state employees retirement plan under chapter 352.

89.16 **EFFECTIVE DATE.** This section is effective June 30, 2010.

89.17 Sec. 4. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

89.18 Subd. 9. **Value.** "Value" means ~~cash value at the end of the month following receipt~~
89.19 ~~of an application. If no application is required, "value" means the cash value at the end~~
89.20 ~~of the month in which the event necessitating the transfer occurs~~ the market value of the
89.21 account at the end of the United States investment market day.

89.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

89.23 Sec. 5. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

89.24 Subd. 1c. **Transfer of contributions.** An employee covered by the ~~regular~~ general
89.25 employees retirement plan who is subsequently employed as a full-time unclassified
89.26 employee of the legislature or any commission or agency of the legislature without a
89.27 limit on the duration of the employment may elect to transfer accumulated employee and
89.28 matching employer contributions; as provided in section 352D.03.

89.29 **EFFECTIVE DATE.** This section is effective June 30, 2010.

90.1 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

90.2 Subd. 2. **Coverage upon employment change.** A person becoming a participant
90.3 in the unclassified program prior to July 1, 2010, by virtue of employment in a position
90.4 specified in subdivision 1, clause (4), and remaining in the unclassified service shall
90.5 remain a participant in the program even though the position the person occupies is
90.6 deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent
90.7 amendment, except that a person ~~shall~~ is not be eligible to elect the unclassified program
90.8 after separation from unclassified service if on the return of the person to service, that
90.9 position is not specified in subdivision 1, clause (4). Any person employed in a position
90.10 specified in subdivision 1 shall cease to participate in the unclassified program in the event
90.11 that the position is placed in the classified service.

90.12 **EFFECTIVE DATE.** This section is effective June 30, 2010.

90.13 Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

90.14 Subd. 3. **Transfer to general employees retirement plan.** (a) An employee
90.15 referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to
90.16 (18), who is credited with employee shares in the unclassified program, ~~after acquiring~~
90.17 and who has credit for ~~ten years of~~ allowable service and, not later than one month
90.18 following the termination of covered employment, may elect to terminate participation
90.19 in the unclassified program and be covered by the general employees retirement plan by
90.20 filing a written election with the executive director: if the employee was employed before
90.21 July 1, 2010, and has at least ten years of allowable service as of the date of the election or
90.22 if the employee was employed after June 30, 2010, and has no more than seven years of
90.23 allowable service as of the date of the election.

90.24 (b) If the transfer election is made, the executive director shall then redeem the
90.25 employee's total shares and shall credit to the employee's account in the general employees
90.26 retirement plan the amount of contributions that would have been so credited had the
90.27 employee been covered by the general employees retirement plan during the employee's
90.28 entire covered employment or elective state service. The balance of money so redeemed
90.29 and not credited to the employee's account ~~shall~~ must be transferred to the general
90.30 employees retirement plan retirement fund, except that (1) the employee contribution paid
90.31 to the unclassified program must be compared to (2) the employee contributions that
90.32 would have been paid to the general employees retirement plan for the comparable period,
90.33 if the individual had been covered by that plan. If clause (1) is greater than clause (2),
90.34 the difference must be refunded to the employee as provided in section 352.22. If clause
90.35 (2) is greater than clause (1), the difference must be paid by the employee within six

91.1 months of electing general employees retirement plan coverage or before the effective
91.2 date of the annuity, whichever is sooner.

91.3 ~~(b)~~ (c) An election under paragraph (a) to transfer coverage to the general employees
91.4 retirement plan is irrevocable during any period of covered employment.

91.5 (d) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who
91.6 is credited with employee shares in the unclassified program is not permitted to terminate
91.7 participation in the unclassified program and be covered by the general employees
91.8 retirement plan.

91.9 **EFFECTIVE DATE.** This section is effective June 30, 2010.

91.10 Sec. 8. Minnesota Statutes 2008, section 352D.03, is amended to read:

91.11 **352D.03 TRANSFER OF ASSETS.**

91.12 Unless an eligible employee enumerated in section 352D.02, subdivision 1, has
91.13 elected coverage under the individual retirement account plan under chapter 354B, ~~a~~
91.14 ~~sum of money representing the assets credited to each employee exercising the option~~
91.15 ~~contained in section 352D.02, plus an equal employer contribution together with interest~~
91.16 for an employee exercising an option under section 352D.02, an amount equal to the
91.17 employee and employer contributions for the employment period at the applicable
91.18 preretirement interest actuarial assumption rate during this period plus six percent interest,
91.19 compounded annually, must be used for the purchase of shares on behalf of each employee
91.20 in the accounts of the supplemental retirement fund established by section 11A.17.

91.21 **EFFECTIVE DATE.** This section is effective June 30, 2010.

91.22 Sec. 9. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

91.23 Subdivision 1. **Investment options.** (a) A person exercising an option to participate
91.24 in the retirement program provided by this chapter may elect to purchase shares in one or
91.25 a combination of the income share account, the growth share account, the international
91.26 share account, the money market account, the bond market account, the fixed interest
91.27 account, or the common stock index account established in section 11A.17. The person
91.28 may elect to participate in one or more of the investment accounts in the fund by
91.29 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the
91.30 percentage of the person's contributions provided in subdivision 2 to be used to purchase
91.31 shares in each of the accounts.

91.32 (b) A participant may ~~indicate in writing on forms provided,~~ in a manner prescribed
91.33 ~~by the Minnesota State Retirement System a choice of options~~ executive director, choose

92.1 their investment allocation for subsequent purchases of shares. Until a different written
92.2 indication is made by the participant, the executive director shall purchase shares in the
92.3 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent
92.4 income shares must be purchased for a participant. A change in choice of investment
92.5 option is effective ~~no later than the first pay date first occurring after 30 days following the~~
92.6 ~~receipt of the request for a change~~ at the end of the most recent United States investment
92.7 market day.

92.8 ~~(c) Shares in the fixed interest account attributable to any guaranteed investment~~
92.9 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~
92.10 ~~account until the guaranteed investment contract has expired, unless the participant~~
92.11 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~
92.12 ~~352D.06 to 352D.075.~~

92.13 ~~(d) (c)~~ A participant or former participant may also change the investment options
92.14 selected for all or a portion of the participant's shares previously purchased in accounts,
92.15 subject to the ~~provisions of paragraph (c) concerning the fixed interest account. Changes~~
92.16 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~
92.17 ~~an account practically permits, but not later than six months after the requested change~~
92.18 trading restrictions imposed on the investment option.

92.19 **EFFECTIVE DATE.** This section is effective July 1, 2010.

92.20 Sec. 10. Minnesota Statutes 2008, section 352D.04, subdivision 2, is amended to read:

92.21 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this
92.22 section is the employee and employer contributions provided in this subdivision.

92.23 (b) The employee contribution is an amount equal to ~~four~~ the percent of salary
92.24 specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

92.25 (c) The employer contribution is an amount equal to six percent of salary.

92.26 (d) For members of the legislature, the contributions under this subdivision also must
92.27 be made on per diem payments received during a regular or special legislative session, but
92.28 may not be made on per diem payments received outside of a regular or special legislative
92.29 session, on the additional compensation attributable to a leadership position under section
92.30 3.099, subdivision 3, living expense payments under section 3.101, or special session
92.31 living expense payments under section 3.103.

92.32 (e) For a judge who is a member of the unclassified plan under section 352D.02,
92.33 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent
92.34 of salary, and there is no employer contribution.

93.1 (f) These contributions must be made in the manner provided in section 352.04,
93.2 subdivisions 4, 5, and 6.

93.3 **EFFECTIVE DATE.** This section is effective the first day of the first full pay
93.4 period beginning after July 1, 2010.

93.5 Sec. 11. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

93.6 Subd. 3. **Full or partial withdrawal.** After termination of covered employment
93.7 or at any time thereafter, a participant is entitled, upon application, to withdraw the cash
93.8 value of the participant's total shares or leave such shares on deposit with the supplemental
93.9 retirement fund. The account is valued at the end of the ~~month in which~~ most recent
93.10 United States investment market day following receipt of the application for withdrawal is
93.11 made. Shares not withdrawn remain on deposit with the supplemental retirement fund
93.12 until the former participant becomes at least 55 years old, and applies for an annuity under
93.13 section 352D.06, subdivision 1.

93.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

93.15 Sec. 12. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

93.16 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
93.17 repay regular refunds taken under section 352.22, as provided in section 352.23.

93.18 (b) A participant in the unclassified program or an employee covered by the general
93.19 employees retirement plan who has withdrawn the value of the total shares may repay
93.20 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
93.21 paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent
93.22 compounded annually from the date that the refund was taken until the date that the refund
93.23 is repaid. If the participant had withdrawn only the employee shares as permitted under
93.24 prior laws, repayment must be pro rata.

93.25 (c) Except as provided in section 356.441, the repayment of a refund under this
93.26 section must be made in a lump sum.

93.27 **EFFECTIVE DATE.** This section is effective June 30, 2010.

93.28 Sec. 13. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

93.29 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~
93.30 ~~first full month after an application is received or the day following termination of state~~
93.31 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~
93.32 ~~end of the month of termination of covered employment, or the end of the month of receipt~~

94.1 ~~of the annuity application for the purpose of computing the annuity day following receipt~~
94.2 ~~of the application or the day following termination, whichever is later. The benefit must be~~
94.3 ~~based on the value of the account the day following receipt of the application or the date of~~
94.4 ~~termination, whichever is later, plus any contributions and interest received after that date.~~

94.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

94.6 Sec. 14. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

94.7 Subd. 3. **Annuity payment.** The annuity payable under this section ~~shall begin~~
94.8 begins to accrue the ~~first day of the month following the date of disability receipt of the~~
94.9 application or the day after termination, whichever is later, plus any contributions and
94.10 interest received after that date, and shall must be based on the participant's age when the
94.11 annuity begins to accrue. The shares ~~shall~~ must be valued as of the end of the ~~month~~
94.12 following authorization of payments day on which the benefit accrues.

94.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

94.14 Sec. 15. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

94.15 Subd. 3. **Prospectus.** (a) The executive director shall annually ~~distribute~~ make
94.16 available by electronic means to each participant the prospectus prepared by the
94.17 supplemental fund, by July 1 or when received from such fund, whichever is later, ~~to~~
94.18 ~~each participant in covered employment.~~

94.19 (b) Any participant may contact the Minnesota State Retirement System and request
94.20 a copy of the prospectus.

94.21 **EFFECTIVE DATE.** This section is effective July 1, 2010.

94.22 Sec. 16. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

94.23 Subd. 7. **Administrative fees.** The board of directors shall establish a budget and
94.24 charge participants a reasonable fee to pay the administrative expenses of the unclassified
94.25 program. Fees ~~cannot~~ may not be charged on contributions and investment returns
94.26 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan~~
94.27 ~~administration cannot exceed 10/100 of one percent of the contributions and investment~~
94.28 ~~returns attributable to contributions made on or after July 1, 1992.~~

94.29 **EFFECTIVE DATE.** This section is effective July 1, 2010.

ARTICLE 5

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is amended to read:

Subd. 2. **Public employee.** "Public employee" means a governmental employee or a public officer performing personal services for a governmental subdivision defined in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. For purposes of membership in the association, the term includes the classes of persons described or listed in subdivision 2a and excludes the classes of persons listed in subdivision 2b. The term also includes persons who elect association membership under subdivision 2d, paragraph (a), and persons for whom the applicable governmental subdivision had elected association membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons listed in subdivision 2b for purposes of membership in the association.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees ~~whose salary from employment in one or more positions within one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary is less than \$425 in a subsequent month, the employee retains membership eligibility. Eligible Public employees shall~~ whose salary exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies; Membership commences as a condition of their employment on the first day of their employment unless they or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

~~(1) are specifically excluded under subdivision 2b;~~

~~(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or~~

96.1 ~~(3) are employees of the governmental subdivisions listed in subdivision 2d,~~
96.2 ~~paragraph (b), where the governmental subdivision has not elected to participate as a~~
96.3 ~~governmental subdivision covered by the association.~~

96.4 (1) persons whose salary meets the threshold in this paragraph from employment in
96.5 one or more positions within one governmental subdivision;

96.6 (2) elected county sheriffs;

96.7 (3) persons who are appointed, employed, or contracted to perform governmental
96.8 functions that by law or local ordinance are required of a public officer, including, but
96.9 not limited to:

96.10 (i) town and city clerk or treasurer;

96.11 (ii) county auditor, treasurer, or recorder;

96.12 (iii) city manager as defined in section 353.028 who does not exercise the option
96.13 provided under subdivision 2d; or

96.14 (iv) emergency management director, as provided under section 12.25;

96.15 (4) physicians under section 353D.01, subdivision 2, who do not elect public
96.16 employees defined contribution plan coverage under section 353D.02, subdivision 2;

96.17 (5) full-time employees of the Dakota County Agricultural Society; and

96.18 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
96.19 Police Relief Association who are not excluded employees under subdivision 2b due
96.20 to coverage by the relief association pension plan and who elected general employee
96.21 retirement plan coverage before August 20, 2009.

96.22 (b) A public employee or elected official who was a member of the association on
96.23 June 30, 2002, based on employment that qualified for membership coverage by the public
96.24 employees retirement plan or the public employees police and fire plan under this chapter,
96.25 or the local government correctional employees retirement plan under chapter 353E as of
96.26 June 30, 2002, retains that membership for the duration of the person's employment in that
96.27 position or incumbency in elected office. Except as provided in subdivision 28, the person
96.28 shall participate as a member until the employee or elected official terminates public
96.29 employment under subdivision 11a or terminates membership under subdivision 11b.

96.30 ~~(c) Public employees under paragraph (a) include:~~

96.31 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~
96.32 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

96.33 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~

96.34 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
96.35 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~

97.1 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~
97.2 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

97.3 (c) If the salary of an included public employee is less than \$425 in any subsequent
97.4 month, the member retains membership eligibility.

97.5 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that the
97.6 amendment to paragraph (a), clause (3), applies to any person first appointed, elected, or
97.7 contracted after June 30, 2010.

97.8 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

97.9 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
97.10 to participate as members of the association with retirement coverage by the public general
97.11 employees retirement plan, the local government correctional employees retirement plan
97.12 under chapter 353E, or the public employees police and fire retirement plan:

97.13 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
97.14 a month;

97.15 (2) public officers, other than county sheriffs, who are elected to a governing body,
97.16 city mayors, or persons who are appointed to fill a vacancy in an elective office of a
97.17 governing body, whose term of office commences on or after July 1, 2002, for the service
97.18 to be rendered in that elective position;

97.19 ~~(2)~~ (3) election officers or election judges;

97.20 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental
97.21 subdivision;

97.22 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired
97.23 for a temporary position as defined under subdivision 12a, and employees who resign
97.24 from a nontemporary position and accept a temporary position within 30 days in the
97.25 same governmental subdivision;

97.26 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,
97.27 flood, storm, or similar disaster;

97.28 ~~(6)~~ (7) employees who by virtue of their employment in one governmental
97.29 subdivision are required by law to be a member of and to contribute to any of the plans or
97.30 funds administered by the Minnesota State Retirement System, the Teachers Retirement
97.31 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
97.32 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
97.33 or firefighters relief association governed by section 69.77 that has not consolidated
97.34 with the Public Employees Retirement Association, or any local police or firefighters
97.35 consolidation account who have not elected the type of benefit coverage provided by the

98.1 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
98.2 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
98.3 police and fire plan benefit coverage. This clause must not be construed to prevent a person
98.4 from being a member of and contributing to the Public Employees Retirement Association
98.5 and also belonging to and contributing to another public pension plan or fund for other
98.6 service occurring during the same period of time. A person who meets the definition of
98.7 "public employee" in subdivision 2 by virtue of other service occurring during the same
98.8 period of time becomes a member of the association unless contributions are made to
98.9 another public retirement fund on the salary based on the other service or to the Teachers
98.10 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

98.11 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage
98.12 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
98.13 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
98.14 as amended through January 1, 1987, if no irrevocable election of coverage has been made
98.15 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

98.16 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of
98.17 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
98.18 basis at an accredited school, college, or university in an undergraduate, graduate, or
98.19 professional-technical program, or a public or charter high school;

98.20 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and
98.21 pharmacist interns who are serving in a degree or residency program in public hospitals
98.22 or clinics;

98.23 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored
98.24 by an accredited educational institution;

98.25 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license
98.26 who render part-time teaching service in a technical college;

98.27 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,
98.28 Inc., foreign citizens ~~working for~~ who are employed by a governmental subdivision with
98.29 under a work permit of less than three years, or an H-1b visa valid initially issued or
98.30 extended for a combined period less than three years of employment. Upon notice to the
98.31 association that the work permit or visa extends extension of the employment beyond the
98.32 three-year period, the foreign citizens must be reported for membership ~~from the date of~~
98.33 ~~the extension~~ beginning the first of the month thereafter provided the monthly earnings
98.34 threshold as provided under subdivision 2a is met;

99.1 ~~(13)~~ (14) public hospital employees who elected not to participate as members
99.2 of the association before 1972 and who did not elect to participate from July 1, 1988,
99.3 to October 1, 1988;

99.4 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service
99.5 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance
99.6 service personnel may still qualify as public employees under subdivision 2 and may be
99.7 members of the Public Employees Retirement Association and participants in the ~~public~~
99.8 general employees retirement ~~fund plan~~ or the public employees police and fire ~~fund plan~~,
99.9 whichever applies, on the basis of compensation received from public employment service
99.10 other than service as volunteer ambulance service personnel;

99.11 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined
99.12 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter
99.13 duties; ~~provided that,~~ but a person who is a volunteer firefighter may still qualify as a
99.14 public employee under subdivision 2 and may be a member of the Public Employees
99.15 Retirement Association and a participant in the ~~public~~ general employees retirement
99.16 ~~fund plan~~ or the public employees police and fire ~~fund plan~~, whichever applies, on the
99.17 basis of compensation received from public employment activities other than those as a
99.18 volunteer firefighter;

99.19 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent
99.20 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
99.21 by the pipefitters local 455 pension plan who were either first employed after May 1,
99.22 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,
99.23 chapter 241, article 2, section 12;

99.24 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel
99.25 who are employed by Independent School District No. 625, St. Paul, or the city of St.
99.26 Paul, who have retirement coverage under a collective bargaining agreement by the
99.27 Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34
99.28 pension plan, or the pension plan applicable to Carpenters Local 87 ~~pension plan~~ who
99.29 were either first employed after May 1, 2000, or, if first employed before May 2, 2000,
99.30 elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

99.31 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
99.32 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
99.33 or Independent School District No. 625, St. Paul, with coverage under a collective
99.34 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
99.35 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
99.36 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities

100.1 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
100.2 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
100.3 Session chapter 10, article 10, section 6;

100.4 ~~(19)~~ (20) plumbers who are employed by the Metropolitan Airports Commission,
100.5 with coverage under a collective bargaining agreement by the Plumbers Local 34 pension
100.6 plan, who either were first employed after May 1, 2001, or if first employed before May 2,
100.7 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
100.8 10, section 6;

100.9 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions
100.10 under subdivision 12b which are limited in duration by the employer to 185 consecutive
100.11 calendar days or less in each year of employment with the governmental subdivision;

100.12 ~~(21)~~ (22) persons who are provided supported employment or work-study positions
100.13 by a governmental subdivision and who participate in an employment or industries
100.14 program maintained for the benefit of these persons where the governmental subdivision
100.15 limits the position's duration to three years or less, including persons participating in a
100.16 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
100.17 unemployment relief program where the training or work experience is not provided as a
100.18 part of, or for, future permanent public employment;

100.19 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

100.20 ~~(23)~~ (24) reemployed annuitants of the association during the course of that
100.21 reemployment; and

100.22 (25) persons appointed to serve on a board or commission of a governmental
100.23 subdivision or an instrumentality thereof.

100.24 (b) Any person performing the duties of a public officer in a position defined in
100.25 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
100.26 employee of an independent contractor.

100.27 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)
100.28 is effective for persons first appointed after June 30, 2010.

100.29 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

100.30 Subd. 2d. **Optional membership.** (a) Membership in the association is optional
100.31 by action of the individual employee for the following public employees who meet the
100.32 conditions set forth in subdivision 2a:

100.33 (1) members of the coordinated plan who are also employees of labor organizations
100.34 as defined in section 353.017, subdivision 1, for their employment by the labor
100.35 organization only, if they elect to have membership under section 353.017, subdivision 2;

101.1 (2) persons who are elected or persons who are appointed to elected positions other
101.2 than local governing body elected positions who elect to participate by filing a written
101.3 election for membership;

101.4 (3) members of the association who are appointed by the governor to be a state
101.5 department head and who elect not to be covered by the general state employees retirement
101.6 plan of the Minnesota State Retirement System under section 352.021;

101.7 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be
101.8 excluded from membership in the association under section 353.028, subdivision 2; and

101.9 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,
101.10 who were at least age 45 on that date, and who elected to participate by filing a written
101.11 election for membership.

101.12 (b) Membership in the association is optional by action of the governmental
101.13 subdivision for the employees of the following governmental subdivisions under the
101.14 conditions specified:

101.15 (1) the Minnesota Association of Townships if the board of that association, at its
101.16 option, certifies to the executive director that its employees who meet the conditions set
101.17 forth in subdivision 2a are to be included for purposes of retirement coverage, in which
101.18 case the status of the association as a participating employer is permanent;

101.19 (2) a county historical society if the county in which the historical society is located,
101.20 at its option, certifies to the executive director that the employees of the historical society
101.21 who meet the conditions set forth in subdivision 2a are to be considered county employees
101.22 for purposes of retirement coverage under this chapter. The status as a county employee
101.23 must be accorded to all similarly situated county historical society employees and, once
101.24 established, must continue as long as a person is an employee of the county historical
101.25 society; and

101.26 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
101.27 employees other than paramedics, emergency medical technicians, and protection officers,
101.28 if the corporate board establishes alternative retirement plans for certain classes of
101.29 employees of the corporation and certifies to the association the applicable employees to
101.30 be excluded from future retirement coverage.

101.31 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
101.32 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
101.33 not made, the employee is excluded from retirement coverage under this chapter. For
101.34 employees who are covered by paragraph (a), clause (4), if the necessary election is not
101.35 made, the employee must become a member and have retirement coverage under the
101.36 applicable provisions of this chapter. For employees specified in paragraph (b), clause

102.1 (3), membership continues until the exclusion option is exercised for the designated class
102.2 of employee.

102.3 (d) The option to become a member, once exercised under this subdivision, may not
102.4 be withdrawn until the termination of public service as defined under subdivision 11a.

102.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

102.6 Sec. 5. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 16, is
102.7 amended to read:

102.8 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
102.9 means:

102.10 (1) service during years of actual membership in the course of which employee
102.11 deductions were withheld from salary and contributions were made at the applicable rates
102.12 under section 353.27, 353.65, or 353E.03;

102.13 (2) periods of service covered by payments in lieu of salary deductions under
102.14 sections 353.27, subdivision 12, and 353.35;

102.15 (3) service in years during which the public employee was not a member but for
102.16 which the member later elected, while a member, to obtain credit by making payments to
102.17 the fund as permitted by any law then in effect;

102.18 (4) a period of authorized leave of absence with pay from which deductions for
102.19 employee contributions are made, deposited, and credited to the fund;

102.20 (5) a period of authorized personal, parental, or medical leave of absence without
102.21 pay, including a leave of absence covered under the federal Family Medical Leave Act,
102.22 that does not exceed one year, and for which a member obtained service credit for each
102.23 month in the leave period by payment under section 353.0161 to the fund made in place of
102.24 salary deductions. An employee must return to public service and render a minimum of
102.25 three months of allowable service in order to be eligible to make payment under section
102.26 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
102.27 employee must be granted allowable service credit for the purchased period;

102.28 (6) a periodic, repetitive leave that is offered to all employees of a governmental
102.29 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
102.30 as certified to the association by the employer. A participating member obtains service
102.31 credit by making employee contributions in an amount or amounts based on the member's
102.32 average salary, excluding overtime pay, that would have been paid if the leave had not
102.33 been taken. The employer shall pay the employer and additional employer contributions
102.34 on behalf of the participating member. The employee and the employer are responsible
102.35 to pay interest on their respective shares at the rate of 8.5 percent a year, compounded

103.1 annually, from the end of the normal cycle until full payment is made. An employer shall
103.2 also make the employer and additional employer contributions, plus 8.5 percent interest,
103.3 compounded annually, on behalf of an employee who makes employee contributions but
103.4 terminates public service. The employee contributions must be made within one year
103.5 after the end of the annual normal working cycle or within 30 days after termination of
103.6 public service, whichever is sooner. The executive director shall prescribe the manner and
103.7 forms to be used by a governmental subdivision in administering a periodic, repetitive
103.8 leave. Upon payment, the member must be granted allowable service credit for the
103.9 purchased period;

103.10 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
103.11 months allowable service per authorized temporary or seasonal layoff in one calendar year.
103.12 An employee who has received the maximum service credit allowed for an authorized
103.13 temporary or seasonal layoff must return to public service and must obtain a minimum of
103.14 three months of allowable service subsequent to the layoff in order to receive allowable
103.15 service for a subsequent authorized temporary or seasonal layoff;

103.16 (8) a period during which a member is absent from employment by a governmental
103.17 subdivision by reason of service in the uniformed services, as defined in United States
103.18 Code, title 38, section 4303(13), if the member returns to public service with the same
103.19 governmental subdivision upon discharge from service in the uniformed service within the
103.20 time frames required under United States Code, title 38, section 4312(e), provided that
103.21 the member did not separate from uniformed service with a dishonorable or bad conduct
103.22 discharge or under other than honorable conditions. The service ~~is~~ must be credited if the
103.23 member pays into the fund equivalent employee contributions based upon the contribution
103.24 rate or rates in effect at the time that the uniformed service was performed multiplied
103.25 by the full and fractional years being purchased and applied to the annual salary rate.
103.26 The annual salary rate is the average annual salary, excluding overtime pay, during the
103.27 purchase period that the member would have received if the member had continued to
103.28 be employed in covered employment rather than to provide uniformed service, or, if
103.29 the determination of that rate is not reasonably certain, the annual salary rate is the
103.30 member's average salary rate, excluding overtime pay, during the 12-month period of
103.31 covered employment rendered immediately preceding the period of the uniformed service.
103.32 Payment of the member equivalent contributions must be made during a period that begins
103.33 with the date on which the individual returns to public employment and that is three times
103.34 the length of the military leave period, or within five years of the date of discharge from
103.35 the military service, whichever is less. If the determined payment period is less than
103.36 one year, the contributions required under this clause to receive service credit may be

104.1 made within one year of the discharge date. Payment may not be accepted following 30
104.2 days after termination of public service under subdivision 11a. If the member equivalent
104.3 contributions provided for in this clause are not paid in full, the member's allowable
104.4 service credit must be prorated by multiplying the full and fractional number of years of
104.5 uniformed service eligible for purchase by the ratio obtained by dividing the total member
104.6 contributions received by the total member contributions otherwise required under this
104.7 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
104.8 employer contribution must be paid by the governmental subdivision employing the
104.9 member if the member makes the equivalent employee contributions. The employer
104.10 payments must be made from funds available to the employing unit, using the employer
104.11 and additional employer contribution rate or rates in effect at the time that the uniformed
104.12 service was performed, applied to the same annual salary rate or rates used to compute the
104.13 equivalent member contribution. The governmental subdivision involved may appropriate
104.14 money for those payments. The amount of service credit obtainable under this section may
104.15 not exceed five years unless a longer purchase period is required under United States Code,
104.16 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
104.17 employer contribution amounts payable under this clause. Interest must be computed at a
104.18 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
104.19 break in service to the end of the month in which the payment is received. Upon payment,
104.20 the employee must be granted allowable service credit for the purchased period; or
104.21 (9) a period specified under subdivision 40.
104.22 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
104.23 state officers and employees displaced by the Community Corrections Act, chapter 401,
104.24 and transferred into county service under section 401.04, "allowable service" means the
104.25 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
104.26 section 352.01, subdivision 11.
104.27 (c) For a public employee who has prior service covered by a local police or
104.28 firefighters relief association that has consolidated with the Public Employees Retirement
104.29 Association or to which section 353.665 applies, and who has elected the type of benefit
104.30 coverage provided by the public employees police and fire fund either under section
104.31 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
104.32 service" is a period of service credited by the local police or firefighters relief association
104.33 as of the effective date of the consolidation based on law and on bylaw provisions
104.34 governing the relief association on the date of the initiation of the consolidation procedure.
104.35 (d) No member may receive more than 12 months of allowable service credit in a
104.36 year either for vesting purposes or for benefit calculation purposes.

105.1 (e) MS 2002 [Expired]

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

105.3 Sec. 6. Minnesota Statutes 2008, section 353.0161, subdivision 2, is amended to read:

105.4 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
105.5 subdivision 1 may purchase credit for allowable service in that plan for a period specified
105.6 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
105.7 whichever applies. The employing unit, at its option, may pay the employer portion of the
105.8 amount specified in paragraph (b) on behalf of its employees.

105.9 (b) If payment is received by the executive director within one year from the date the
105.10 member returned to work following the authorized leave, or within 30 days after the date
105.11 of termination of public service if the member did not return to work, the payment amount
105.12 is equal to the employee and employer contribution rates specified in law for the applicable
105.13 plan at the end of the leave period, or at termination of public service, whichever is earlier,
105.14 multiplied by the employee's average monthly salary, excluding overtime, upon which
105.15 deductions were paid during the six months, or portion thereof, before the commencement
105.16 of the leave of absence and by the number of months of the leave of absence for which
105.17 the employee wants allowable service credit. Payments made under this paragraph must
105.18 include compound interest at a monthly rate of 0.71 percent from the last day of the leave
105.19 period until the last day of the month in which payment is received.

105.20 (c) If payment is received by the executive director after one year, the payment
105.21 amount is the amount determined under section 356.551. Payment under this paragraph
105.22 must be made before the date the person terminates public service under section 353.01,
105.23 subdivision 11a.

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

105.25 Sec. 7. **[353.0162] REDUCED SALARY PERIODS SALARY CREDIT**

105.26 **PURCHASE.**

105.27 (a) A member may purchase additional salary credit for a period specified in this
105.28 section.

105.29 (b) The applicable period is a period during which the member is receiving a reduced
105.30 salary from the employer while the member is:

105.31 (1) receiving temporary workers' compensation payments related to the member's
105.32 service to the public employer;

105.33 (2) on an authorized medical leave of absence; or

106.1 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
106.2 savings program offered or mandated by a governmental subdivision.

106.3 (c) The differential salary amount is the difference between the average monthly
106.4 salary received by the member during the period of reduced salary under this section and
106.5 the average monthly salary of the member, excluding overtime, on which contributions
106.6 to the applicable plan were made during the period of the last six months of covered
106.7 employment occurring immediately before the period of reduced salary, applied to the
106.8 member's normal employment period, measured in hours or otherwise, as applicable.

106.9 (d) To receive eligible salary credit, the member shall pay an amount equal to:

106.10 (1) the applicable employee contribution rate under section 353.27, subdivision
106.11 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
106.12 differential salary amount;

106.13 (2) plus an employer equivalent payment equal to the applicable employer
106.14 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
106.15 subdivision 2, as applicable, multiplied by the differential salary amount;

106.16 (3) plus, if applicable, an equivalent employer additional amount equal to the
106.17 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
106.18 differential salary amount.

106.19 (e) The employer, by appropriate action of its governing body and documented in its
106.20 official records, may pay the employer equivalent contributions and, as applicable, the
106.21 equivalent employer additional contributions on behalf of the member.

106.22 (f) Payment under this section must include interest on the contribution amount
106.23 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable
106.24 months from the date on which the period of reduced salary specified under this section
106.25 terminates to the date on which the payment or payments are received by the executive
106.26 director. Payment under this section must be completed within the earlier of 30 days from
106.27 termination of public service by the employee under section 353.01, subdivision 11a, or
106.28 one year after the termination of the period specified in paragraph (b), as further restricted
106.29 under this section.

106.30 (g) The period for which additional allowable salary credit may be purchased is
106.31 limited to the period during which the person receives temporary workers' compensation
106.32 payments or for those business years in which the governmental subdivision offers or
106.33 mandates a budget or salary savings program, as certified to the executive director by a
106.34 resolution of the governing body of the governmental subdivision. For an authorized
106.35 medical leave of absence, the period for which allowable salary credit may be purchased
106.36 may not exceed 12 consecutive months of authorized medical leave.

107.1 (h) To purchase salary credit for a subsequent period of temporary workers'
107.2 compensation benefits or subsequent authorized medical leave of absence, the member
107.3 must return to public service and render a minimum of three months of allowable service.

107.4 **EFFECTIVE DATE.** This section is effective July 1, 2010. Purchase of reduced
107.5 salary credit may be made for a period mandated or offered by a governmental subdivision
107.6 for purposes of budget or salary savings on or after July 1, 2009.

107.7 Sec. 8. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

107.8 Subdivision 1. **Management; composition; election.** (a) The management of the
107.9 public employees retirement fund is vested in an 11-member board of trustees consisting
107.10 of ten members and the state auditor. The state auditor may designate a deputy auditor
107.11 with expertise in pension matters as the auditor's representative on the board. The
107.12 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
107.13 represent school boards, one to represent cities, one to represent counties, one who is a
107.14 retired annuitant, and one who is a public member knowledgeable in pension matters. The
107.15 membership of the association, including recipients of retirement annuities and disability
107.16 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
107.17 be a member of the police and fire fund and one of whom must be a former member who
107.18 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at
107.19 least five years prior to terminating membership and who is receiving a retirement annuity
107.20 or a member who receives a disability benefit. Terms expire on January 31 of the fourth
107.21 year, and positions are vacant until newly elected members are seated. Except as provided
107.22 in this subdivision, trustees elected by the membership of the association must be public
107.23 employees and members of the association.

107.24 (b) For seven days beginning October 1 of each year preceding a year in which
107.25 an election is held, the association shall accept ~~at its office filings in person or by mail~~
107.26 of candidates for the board of trustees. A candidate shall submit at the time of filing a
107.27 nominating petition signed by 25 or more members of the association. No name may
107.28 be withdrawn from nomination by the nominee after October 15. At the request of a
107.29 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide
107.30 a statement of up to 300 words prepared by the candidate to all persons eligible to vote
107.31 in the election of the candidate. The board may adopt policies, ~~subject to review and~~
107.32 ~~approval by the secretary of state under paragraph (c),~~ and procedures to govern the form
107.33 and length of these statements, ~~and the timing of mailings,~~ and deadlines for submitting
107.34 materials to be ~~mailed.~~ ~~The secretary of state shall resolve disputes between the board and~~

108.1 ~~a candidate concerning application of these policies to a particular statement~~ distributed to
108.2 the eligible voters.

108.3 (c) By January 10 of each year in which elections are to be held, the board shall
108.4 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and
108.5 materials necessary to vote for the candidates seeking terms on the board of trustees.
108.6 Eligible voters are the members, retirees, and other benefit recipients. No member voter
108.7 may vote for more than one candidate for each board position to be filled. A ballot
108.8 indicating a vote for more than one person for any position is void. No special marking
108.9 may be used on the ballot to indicate incumbents. Ballots Votes cast by using paper ballots
108.10 mailed to the association must be postmarked no later than January 31. Votes cast by using
108.11 telephone or other electronic means authorized under the board's procedures must be
108.12 entered by the end of the day on January 31. The ballot envelopes must be so designated
108.13 and the ballots must be counted in a manner that ensures design of the voting response
108.14 media must ensure that each voter's vote is secret.

108.15 (d) A candidate who receives contributions ~~or, who~~ who makes expenditures in excess
108.16 of \$100, or who has given implicit or explicit consent for any other person to receive
108.17 contributions or make expenditures in excess of \$100 for the purpose of bringing about the
108.18 candidate's election; shall file a report with the campaign finance and public disclosure
108.19 board disclosing the source and amount of all contributions to the candidate's campaign.
108.20 The campaign finance and public disclosure board shall prescribe forms governing these
108.21 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
108.22 These terms do not include ~~the mailing~~ any distribution made by the association board on
108.23 behalf of the candidate. A candidate shall file a report within 30 days from the day that the
108.24 results of the election are announced. The Campaign Finance and Public Disclosure Board
108.25 shall maintain these reports and make them available for public inspection in the same
108.26 manner as the board maintains and makes available other reports filed with it.

108.27 (e) The secretary of state shall review and ~~approve~~ comment on the procedures
108.28 defined by the board of trustees for conducting the elections specified in this subdivision,
108.29 including board policies adopted under paragraph (b).

108.30 (f) The board of trustees and the executive director shall undertake their activities
108.31 consistent with chapter 356A.

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

108.33 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

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

108.35 (a) A representative authorized by the head of each department shall deduct employee

109.1 contributions from the salary of each public employee who qualifies for membership
 109.2 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,
 109.3 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is
 109.4 paid. The employer representative must also remit payment in a manner prescribed by
 109.5 the executive director for the aggregate amount of the employee contributions; and the
 109.6 required employer contributions and the additional employer contributions to be received
 109.7 by the association within 14 calendar days after each pay date. If the payment is less than
 109.8 the amount required, the employer must pay the shortage amount to the association and
 109.9 collect reimbursement of any employee contribution shortage paid on behalf of a member
 109.10 through subsequent payroll withholdings from the wages of the employee. Payment of
 109.11 shortages in employee contributions and associated employer contributions, if applicable,
 109.12 must include interest at the rate specified in section 353.28, subdivision 5, if not received
 109.13 within 30 days following the date the amount was initially due under this section.

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

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

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

109.22 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the
 109.23 pay period from which each deduction was made and the salary amount earned by a
 109.24 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
 109.25 by a disabled member under section 353.33, subdivision 7 or 7a;

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

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

109.30 ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new
 109.31 or reinstated employee who qualifies for membership in the format prescribed by the
 109.32 executive director. The required enrollment data on new ~~employees~~ members must be
 109.33 submitted to the association prior to or concurrent with the submission of the initial
 109.34 employee salary deduction. Also, the employer shall ~~also~~ report to the association all
 109.35 member employment status changes, such as leaves of absence, terminations, and death,
 109.36 and shall report the effective dates of those changes, on an ongoing basis for the payroll

110.1 cycle in which they occur. If an employer fails to comply with the reporting requirements
110.2 under this paragraph, the executive director may assess a fine of \$25 for each failure if the
110.3 association staff has notified the employer of the noncompliance and attempted to obtain
110.4 the missing data or form from the employer for a period of more than three months.

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

110.10 ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent
110.11 reporting and payments for small employers.

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

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

110.22 Sec. 10. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is
110.23 amended to read:

110.24 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
110.25 as provided in paragraph (b), erroneous employee deductions and erroneous employer
110.26 contributions and additional employer contributions for a person; who otherwise does not
110.27 qualify for membership under this chapter, are considered:

110.28 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
110.29 determination of the error by the association, the person may continue membership in the
110.30 association while employed in the same position for which erroneous deductions were
110.31 taken, or file a written election to terminate membership and apply for a refund upon
110.32 termination of public service or defer an annuity under section 353.34; or

110.33 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
110.34 1990. Upon determination of the error, the association shall refund all erroneous employee
110.35 deductions and all erroneous employer contributions as specified in paragraph (e). No

111.1 person may claim a right to continued or past membership in the association based on
111.2 erroneous deductions which began on or after January 1, 1990.

111.3 (b) Erroneous deductions taken from the salary of a person who did not qualify for
111.4 membership in the association by virtue of concurrent employment before July 1, 1978,
111.5 which required contributions to another retirement fund or relief association established
111.6 for the benefit of officers and employees of a governmental subdivision, are invalid. Upon
111.7 discovery of the error, ~~the association shall remove~~ allowable service credit for all invalid
111.8 service if forfeited and, upon termination of public service, the association shall refund all
111.9 erroneous employee deductions to the person, with interest as determined under section
111.10 353.34, subdivision 2, and all erroneous employer contributions without interest to the
111.11 employer. This paragraph has both retroactive and prospective application.

111.12 (c) Adjustments to correct employer contributions and employee deductions taken
111.13 in error from amounts which are not salary under section 353.01, subdivision 10, must
111.14 be made as specified in paragraph (e). The period of adjustment must be limited to the
111.15 fiscal year in which the error is discovered by the association and the immediate two
111.16 preceding fiscal years.

111.17 (d) If there is evidence of fraud or other misconduct on the part of the employee or
111.18 the employer, the board of trustees may authorize adjustments to the account of a member
111.19 or former member to correct erroneous employee deductions and employer contributions
111.20 on invalid salary and the recovery of any overpayments for a period longer than provided
111.21 for under paragraph (c).

111.22 (e) Upon discovery of the receipt of erroneous employee deductions and employer
111.23 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
111.24 the employer to discontinue the erroneous employee deductions and erroneous employer
111.25 contributions reported on behalf of a member. Upon discontinuation, the association must:

111.26 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the
111.27 invalid employee deductions with interest on the invalid employee deductions at the rate
111.28 specified under section 353.34, subdivision 2, from the received date of each invalid salary
111.29 transaction through the date the credit or refund is made; ~~and the employer must pay the~~
111.30 ~~refunded employee deductions plus interest to the member;~~

111.31 (2) for a former member who:

111.32 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
111.33 deductions to the former member through a refund with interest at the rate specified under
111.34 section 353.34, subdivision 2, from the received date of each invalid salary transaction
111.35 through the date the credit or refund is made; or

112.1 (ii) is receiving a retirement annuity or disability benefit, or a person who is
112.2 receiving an optional annuity or survivor benefit, for whom it has been determined an
112.3 overpayment must be recovered, adjust the payment amount and recover the overpayments
112.4 as provided under this section; and

112.5 (3) return the invalid employer contributions reported on behalf of a member or
112.6 former member to the employer by providing a credit against future contributions payable
112.7 by the employer.

112.8 (f) In the event that a salary warrant or check from which a deduction for the
112.9 retirement fund was taken has been canceled or the amount of the warrant or check
112.10 returned to the funds of the department making the payment, a refund of the sum
112.11 deducted, or any portion of it that is required to adjust the deductions, must be made
112.12 to the department or institution.

112.13 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
112.14 is within the limitation period specified in paragraph (c), and an overpayment has resulted
112.15 by using invalid service or salary, or due to any erroneous calculation procedure, the
112.16 association must recalculate the annuity or benefit payable and recover any overpayment
112.17 as provided under subdivision 7b.

112.18 (h) Notwithstanding the provisions of this subdivision, the association may apply
112.19 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
112.20 Compliance Resolution System and not issue a refund of erroneous employee deductions
112.21 and employer contributions or not recover a small overpayment of benefits if the cost to
112.22 correct the error would exceed the amount of the member refund or overpayment.

112.23 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
112.24 failure by an employer to follow the statutory requirements for reporting eligible members
112.25 and salary must be paid by the employer.

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

112.27 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

112.28 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually
112.29 furnish the executive director with an exclusion report listing only those employees in
112.30 potentially PERA-eligible positions who were not reported as members of the association
112.31 and who worked during the school year for school employees and calendar year for
112.32 nonschool employees. The department head must certify the accuracy and completeness
112.33 of the exclusion report to the association. The executive director shall prescribe the
112.34 manner and forms, including standardized exclusion codes, to be used by a governmental
112.35 subdivision in preparing and filing exclusion reports. Also, the executive director shall

113.1 ~~also~~ check the exclusion report to ascertain whether any omissions have been made by a
113.2 department head in the reporting of new public employees for membership. The executive
113.3 director may delegate an association employee under section 353.03, subdivision 3a,
113.4 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
113.5 governmental subdivision.

113.6 (b) If an employer fails to comply with the reporting requirements under this
113.7 subdivision, the executive director may assess a fine of \$25 for each failure if the
113.8 association staff has notified the employer of the noncompliance and attempted to obtain
113.9 the missing data or form from the employer for a period of more than three months.

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

113.11 Sec. 12. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is
113.12 amended to read:

113.13 Subd. 4. **Duration.** Postretirement option employment ~~shall~~ may be for an initial
113.14 period not to exceed one year. At the end of the initial period, the governing body has sole
113.15 discretion to determine if the offer of a postretirement option position will be renewed,
113.16 renewed with modifications, or terminated. Postretirement option employment may be
113.17 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~
113.18 ~~defined in United States Code, title 42, section 416(l)~~ no more than four renewals may
113.19 occur.

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

113.21 Sec. 13. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

113.22 Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan
113.23 is available to:

113.24 (1) elected local government officials of a governmental subdivision who elect to
113.25 participate in the plan under section 353D.02, subdivision 1, and who, for the elected
113.26 service rendered to a governmental subdivision, are not members of the Public Employees
113.27 Retirement Association within the meaning of section 353.01, subdivision 7;

113.28 (2) physicians who, if they did not elect to participate in the plan under section
113.29 353D.02, subdivision 2, would meet the definition of member under section 353.01,
113.30 subdivision 7;

113.31 (3) basic and advanced life-support emergency medical service personnel who
113.32 are employed by any public ambulance service that elects to participate under section
113.33 353D.02, subdivision 3;

114.1 (4) members of a municipal rescue squad associated with the city of Litchfield
114.2 in Meeker County, or of a county rescue squad associated with Kandiyohi County, if
114.3 an independent nonprofit rescue squad corporation, incorporated under chapter 317A,
114.4 performing emergency management services, and if not affiliated with a fire department
114.5 or ambulance service and if its members are not eligible for membership in that fire
114.6 department's or ambulance service's relief association or comparable pension plan;

114.7 (5) employees of the Port Authority of the city of St. Paul who elect to participate in
114.8 the plan under section 353D.02, subdivision 5, and who are not members of the Public
114.9 Employees Retirement Association under section 353.01, subdivision 7;

114.10 (6) city managers who elected to be excluded from the general employees retirement
114.11 plan of the Public Employees Retirement Association under section 353.028 and who
114.12 elected to participate in the public employees defined contribution plan under section
114.13 353.028, subdivision 3, paragraph (b); ~~and~~

114.14 (7) volunteer or emergency on-call firefighters serving in a municipal fire department
114.15 or an independent nonprofit firefighting corporation who are not covered by the public
114.16 employees police and fire retirement plan and who are not covered by a volunteer
114.17 firefighters relief association and who elect to participate in the public employees defined
114.18 contribution plan;

114.19 (8) elected county sheriffs who are former members of the police and fire plan and
114.20 who are receiving a retirement annuity as provided under section 353.651; and

114.21 (9) persons who are excluded from membership under section 353.01, subdivision
114.22 2b, paragraph (a), clause (25).

114.23 (b) For purposes of this chapter, an elected local government official includes
114.24 a person appointed to fill a vacancy in an elective office. Service as an elected local
114.25 government official only includes service for the governmental subdivision for which the
114.26 official was elected by the public at large. Service as an elected local government official
114.27 ceases and eligibility to participate terminates when the person ceases to be an elected
114.28 official. An elected local government official does not include an elected county sheriff
114.29 who must be a member of the police and fire plan as provided under chapter 353.

114.30 (c) Individuals otherwise eligible to participate in the plan under this subdivision
114.31 who are currently covered by a public or private pension plan because of their employment
114.32 or provision of services are not eligible to participate in the public employees defined
114.33 contribution plan.

114.34 (d) A former participant is a person who has terminated eligible employment or
114.35 service and has not withdrawn the value of the person's individual account.

114.36 **EFFECTIVE DATE.** This section is effective July 1, 2010.

115.1 Sec. 14. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

115.2 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**
115.3 **participants.** ~~An~~ (a) The following classes of eligible elected local government official
115.4 participants who elects elect to participate in the public employees defined contribution
115.5 plan under section 353D.02 shall contribute an amount equal to five percent of salary as
115.6 defined in section 353.01, subdivision 10. A participating:

115.7 (1) elected local government official's officials;

115.8 (2) physicians; and

115.9 (3) persons who are excluded from membership under section 353.01, subdivision
115.10 2b, clause (25).

115.11 (b) A participant's governmental subdivision shall contribute a matching amount.

115.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

115.13 Sec. 15. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

115.14 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)

115.15 Contributions made by or on behalf of a ~~participating elected local government official or~~
115.16 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must
115.17 be remitted to the Public Employees Retirement Association and credited to the individual
115.18 account established for the participant. ~~Ambulance service~~

115.19 (b) Contributions as provided under section 353D.03, subdivisions 3, and 6,
115.20 paragraph (b), must be remitted on a regular basis to the association together with any
115.21 member contributions paid or withheld. Those contributions must be credited to the
115.22 individual account of each participating member.

115.23 **EFFECTIVE DATE.** This section is effective July 1, 2010.

115.24 Sec. 16. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

115.25 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The
115.26 executive director may adopt policies and procedures regarding deductions taken totally
115.27 or partially in error by the employer from the salary of an elected official.

115.28 **EFFECTIVE DATE.** This section is effective July 1, 2010.

115.29 Sec. 17. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is
115.30 amended to read:

115.31 Subd. 4. **Medical facility.** "Medical facility" means:

115.32 (1) Bridges Medical Services;

- 116.1 (2) the City of Cannon Falls Hospital;
- 116.2 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- 116.3 (4) Clearwater County Memorial Hospital doing business as Clearwater Health
- 116.4 Services in Bagley;
- 116.5 ~~(4)~~ (5) the Dassel Lakeside Community Home;
- 116.6 (6) the Douglas County Hospital, with respect to the Mental Health Unit;
- 116.7 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;
- 116.8 ~~(6)~~ (8) the Glencoe Area Health Center;
- 116.9 ~~(7)~~ (9) Hutchinson Area Health Care;
- 116.10 ~~(8)~~ (10) the Lakefield Nursing Home;
- 116.11 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;
- 116.12 ~~(10)~~ (12) the Luverne Public Hospital;
- 116.13 ~~(11)~~ (13) the Oakland Park Nursing Home;
- 116.14 ~~(12)~~ (14) the RenVilla Nursing Home;
- 116.15 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department
- 116.16 of Radiology and the Department of Radiation/Oncology;
- 116.17 ~~(14)~~ (16) the St. Peter Community Health Care Center;
- 116.18 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;
- 116.19 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; ~~and~~
- 116.20 (19) the Wheaton Community Hospital; and
- 116.21 ~~(17)~~ (20) the Worthington Regional Hospital.

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

116.23 Sec. 18. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

116.24 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a

116.25 governmental subdivision may submit a resolution from the governing body to the

116.26 executive director of the Public Employees Retirement Association which supports

116.27 providing coverage under this chapter for employees of that governmental subdivision

116.28 who are privatized, and which states that the governing body will pay for actuarial

116.29 calculations, as further specified in paragraph (c).

116.30 (b) The governing body must also provide a copy of any applicable purchase or

116.31 lease agreement and any other information requested by the executive director to allow the

116.32 executive director to verify that under the proposed employer change, the new employer

116.33 does not qualify as a governmental subdivision under section 353.01, subdivision 6,

116.34 making the employees ineligible for continued coverage as active members of the general

116.35 employees retirement plan of the Public Employees Retirement Association.

117.1 (c) Following receipt of a resolution and a determination by the executive director
 117.2 that the new employer is not a governmental subdivision, the executive director shall
 117.3 direct the consulting actuary retained under section 356.214 to determine whether the
 117.4 general employees retirement plan of the Public Employees Retirement Association, if
 117.5 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
 117.6 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial
 117.7 liability of the special benefit coverage provided under this chapter, if extended to the
 117.8 applicable employees under the privatization, is less than the actuarial gain otherwise to
 117.9 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special
 117.10 benefit coverage provided under this chapter, if extended to the applicable employees
 117.11 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The
 117.12 date of the actuarial calculations used to make this determination must be within one year
 117.13 of the effective date, as defined in section 353F.02, subdivision 3.

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

117.15 Sec. 19. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

117.16 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
 117.17 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement
 117.18 plan of the Public Employees Retirement Association is expected due to the privatization,
 117.19 or if paragraph (c) applies, the executive director shall forward a recommendation and
 117.20 supporting documentation to the chair of the Legislative Commission on Pensions and
 117.21 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections
 117.22 Committee of the house of representatives, the chair of the State and Local Government
 117.23 Operations and Oversight Committee of the senate, and the executive director of the
 117.24 Legislative Commission on Pensions and Retirement. The recommendation must be in
 117.25 the form of an addition to the definition of "medical facility" under section 353F.02,
 117.26 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,
 117.27 whichever is applicable. The recommendation must be forwarded to the legislature before
 117.28 January 15 for the recommendation to be considered in that year's legislative session. The
 117.29 recommendation may be included as part of public pension administrative legislation
 117.30 under section 356B.05.

117.31 (b) If a medical facility or other public employing unit listed under section 353F.02,
 117.32 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the
 117.33 legislation adding the entity to the applicable definition, its inclusion under this chapter is
 117.34 voided, and the executive director shall include in the subsequent proposed legislation

118.1 under paragraph (a) a recommendation that the applicable entity be stricken from the
118.2 definition.

118.3 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the
118.4 executive director shall forward a recommendation that the privatization be included as an
118.5 addition under paragraph (a) if the chief clerical officer of the applicable governmental
118.6 subdivision submits a resolution from the governing body specifying that a lump sum
118.7 payment will be made to the executive director equal to the net loss, plus interest. The
118.8 interest must be computed using the applicable preretirement interest rate assumption
118.9 under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the
118.10 actuarial valuation from which the actuarial accrued liability data was used to determine
118.11 the net loss in the actuarial study under subdivision 1, to the date of payment, with annual
118.12 compounding. Payment must be made on or after the effective date defined under section
118.13 353F.02.

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

118.15 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

118.16 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief
118.17 administrative officer of a covered pension plan regarding a person's eligibility, benefits,
118.18 or other rights under the plan with which the person does not agree is subject to review
118.19 under this section.

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

118.21 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

118.22 Subd. 3. **Notice of determination.** If the applicable chief administrative officer
118.23 denies an application or a written request, modifies a benefit, or terminates a benefit
118.24 of a person claiming a right or potential rights under a covered pension plan, the chief
118.25 administrative officer shall notify that person through a written notice containing:

118.26 (1) a statement of the reasons for the determination;

118.27 (2) a notice that the person may petition the governing board of the covered pension
118.28 plan for a review of the determination and that a person's petition for review must be filed
118.29 in the administrative office of the covered pension plan within 60 days of the receipt
118.30 of the written notice of the determination;

118.31 (3) a statement indicating that a failure to petition for review within 60 days
118.32 precludes the person from contesting in any other administrative review or court procedure
118.33 the issues determined by the chief administrative officer;

119.1 (4) a statement indicating that all relevant materials, documents, affidavits, and other
119.2 records that the person wishes to be reviewed in support of the petition must be filed with
119.3 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days
119.4 before the date of the hearing under subdivision 10; and

119.5 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

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

119.7 Sec. 22. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is
119.8 amended to read:

119.9 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
119.10 may petition for a review of that decision by the governing board of the covered pension
119.11 plan.

119.12 (b) A petition under this section must be sent to the chief administrative officer by
119.13 mail and must be postmarked no later than 60 days after the person received the notice
119.14 required by subdivision 3. The petition must include the person's statement of the reason
119.15 or reasons that the person believes the decision of the chief administrative officer should
119.16 be reversed or modified. The petition may include all documentation and written materials
119.17 that the petitioner deems to be relevant. In developing a record for review by the board
119.18 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct
119.19 that the applicant participate in a fact-finding session conducted by an administrative law
119.20 judge assigned by the Office of Administrative Hearings and, as applicable, participate in
119.21 a vocational assessment conducted by a qualified rehabilitation counselor on contract with
119.22 the applicable retirement system.

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

119.24 Sec. 23. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

119.25 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~
119.26 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative
119.27 officer must schedule a timely review of the petition before the governing board of the
119.28 covered pension plan. The review must be scheduled to take into consideration any
119.29 necessary accommodations to allow the petitioner to participate in the governing board's
119.30 review.

119.31 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief
119.32 administrative officer must provide by mail to the petitioner an acknowledgment of the
119.33 receipt of the person's petition and a follow-up notice of the time and place of the meeting

120.1 at which the governing board is scheduled to consider the petition and must provide a copy
120.2 of all relevant documents, evidence, summaries, and recommendations assembled by or
120.3 on behalf of the plan administration to be considered by the governing board.

120.4 ~~(c) Except as provided in subdivision 8, paragraph (c),~~ All documents and materials
120.5 that the petitioner wishes to be part of the record for review must be filed with the chief
120.6 administrative officer and must be received in the offices of the covered pension plan
120.7 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to
120.8 be heard.

120.9 (d) A petitioner; may request a continuance of a scheduled hearing if the request
120.10 is received by the chief administrative officer within ten calendar days of the scheduled
120.11 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~
120.12 The chief administrative officer must reschedule the review within ~~60 days of the date~~
120.13 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to
120.14 any petitioner.

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

120.16 Sec. 24. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

120.17 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
120.18 affidavits in the possession of the covered pension plan of which the covered pension plan
120.19 desires to avail itself and be considered by the governing board, and all evidence which the
120.20 petitioner wishes to present to the governing board, including any evidence which would
120.21 otherwise be classified by law as "private," must be made part of the hearing record.

120.22 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record
120.23 to each member of the governing board at least seven days before the scheduled hearing
120.24 ~~date, the chief administrative officer must provide a copy of the record to each member~~
120.25 ~~of the governing board.~~

120.26 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~
120.27 ~~administrative officer, for submission to the governing board,~~ Any additional document,
120.28 affidavit, or other relevant information that ~~was not initially submitted with the petition~~
120.29 the petitioner requests be part of the record may be admitted with the consent of the
120.30 governing board.

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

120.32 Sec. 25. Laws 2009, chapter 169, article 4, section 49, is amended to read:

121.1 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**
121.2 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**
121.3 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

121.4 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,
121.5 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and
121.6 356, to the contrary, this section establishes the procedures by which the executive
121.7 director of the Public Employees Retirement Association shall adjust erroneous employee
121.8 deductions and employer contributions paid on behalf of active employees and former
121.9 members by the city of Duluth ~~and~~₂ by the Duluth Airport Authority, and by the city
121.10 of Virginia on amounts determined by the executive director to be invalid salary under
121.11 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,
121.12 and October 23, 2008, and for adjusting benefits that were paid to former members and
121.13 their beneficiaries based upon invalid salary amounts.

121.14 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund
121.15 to active employees or former members who are not receiving retirement annuities or
121.16 benefits all erroneous employee deductions identified by the city of Duluth ~~or~~₂ by the
121.17 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts
121.18 determined to be invalid salary. The refunds must include interest at the rate specified in
121.19 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee
121.20 deduction was received through the date each refund is paid.

121.21 (b) The refund payment for active employees must be sent to the ~~applicable~~
121.22 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~
121.23 ~~to the active~~ home addresses of the members who are employees of the city of Duluth
121.24 ~~or~~₂ who are employees of the Duluth Airport Authority, or who are employees of the city
121.25 of Virginia, as applicable.

121.26 (c) Refunds to former members must be mailed by the executive director of the
121.27 Public Employees Retirement Association to the former member's last known address.

121.28 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
121.29 retirement annuity or disability benefit, or for a person receiving an optional annuity or
121.30 survivor benefit, the executive director must:

121.31 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
121.32 payable by reducing the average salary under Minnesota Statutes, section 353.01,
121.33 subdivision 17a, by the invalid salary amounts;

121.34 (2) determine the amount of the overpaid benefits paid from the effective date of
121.35 the annuity or benefit payment to the first of the month in which the monthly benefit
121.36 amount is corrected;

122.1 (3) calculate the amount of employee deductions taken in error on invalid salary,
122.2 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
122.3 from the date each invalid employee deduction was received through the date the annuity
122.4 or benefit is adjusted as provided under clause (1); and

122.5 (4) determine the net amount of overpaid benefits by reducing the amount of the
122.6 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
122.7 employee deductions with interest as determined in clause (3).

122.8 (b) If a former member's erroneous employee deductions plus interest determined
122.9 under this section exceeds the amount of the person's overpaid benefits, the balance must
122.10 be refunded to the person to whom the annuity or benefit is being paid.

122.11 (c) The executive director shall recover the net amount of all overpaid annuities or
122.12 benefits as provided under subdivision 4.

122.13 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
122.14 provide a credit without interest to the city of Duluth ~~and~~₂ to the Duluth Airport Authority₂
122.15 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's
122.16 erroneous employer contributions. The credit must first be used to offset the net amount of
122.17 the overpaid retirement annuities and the disability and survivor benefits that remains after
122.18 applying the amount of erroneous employee deductions with interest as provided under
122.19 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,
122.20 if any, must be credited against future employer contributions required to be paid by
122.21 the applicable governmental subdivision. If the overpaid benefits exceed the employer
122.22 contribution credit, the balance of the overpaid benefits is the obligation of the city of
122.23 Duluth ~~or~~₂ the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

122.24 (b) The Public Employees Retirement Association board of trustees shall determine
122.25 the period of time and manner for the collection of overpaid retirement annuities and
122.26 benefits, if any, from the city of Duluth ~~and~~₂ the Duluth Airport Authority, and the city of
122.27 Virginia.

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

122.29 Sec. 26. Laws 2009, chapter 169, article 4, section 49, the effective date, is amended to
122.30 read:

122.31 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after
122.32 the Duluth city council and the chief clerical officer of the city of Duluth timely complete
122.33 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for
122.34 members who are, and former members who were, employees of the city of Duluth.

123.1 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
123.2 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely
123.3 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2
123.4 and 3, for members who are, and former members who were, employees of the Duluth
123.5 Airport Authority.

123.6 (c) This section is effective for the city of Virginia the day after the Virginia
123.7 city council and the chief clerical officer of the city of Virginia timely complete their
123.8 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members
123.9 who are, and former members who were, employees of the city of Virginia. If this section
123.10 becomes effective for the city of Virginia, it applies retroactively from June 23, 2009.

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

123.12 Sec. 27. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to
123.13 read:

123.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
123.15 and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement
123.16 option position after that date.

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

123.18 Sec. 28. **REPEALER.**

123.19 (a) Minnesota Statutes 2008, section 353.01, subdivision 40, is repealed effective
123.20 July 1, 2010.

123.21 (b) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03,
123.22 subdivision 2, are repealed the day following final enactment.

123.23 (c) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

123.24 **ARTICLE 6**

123.25 **VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER** 123.26 **RETIREMENT PLAN**

123.27 Section 1. Minnesota Statutes 2008, section 69.051, subdivision 3, is amended to read:

123.28 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
123.29 an organized fire department but which does not have a firefighters' relief association
123.30 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
123.31 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
123.32 disbursements by the municipality for fire protection service during the preceding calendar

124.1 year, on a form prescribed by the state auditor. The financial report ~~shall~~ must contain any
124.2 information which the state auditor deems necessary to disclose the sources of receipts
124.3 and the purpose of disbursements for fire protection service. The financial report ~~shall~~
124.4 must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial
124.5 report ~~shall~~ must be filed by the municipal clerk or clerk-treasurer with the state auditor on
124.6 or before July 1 annually. The state auditor shall forward one copy to the county auditor of
124.7 the county wherein the municipality is located. The municipality shall not qualify initially
124.8 to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if
124.9 the financial reporting requirement or the applicable requirements of this chapter or any
124.10 other statute or special law have not been complied with or are not fulfilled.

124.11 (b) Each municipality that has an organized fire department and provides retirement
124.12 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
124.13 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
124.14 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
124.15 a detailed financial report if the executive director of the Public Employees Retirement
124.16 Association certifies compliance by the municipality with the requirements of sections
124.17 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements
124.18 of section 353G.07.

124.19 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

124.20 Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, is
124.21 amended to read:

124.22 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
124.23 firefighters by the retirement plan is initiated by a request to the executive director for a
124.24 cost analysis of the prospective retirement coverage.

124.25 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
124.26 association governed by chapter 424A, the cost analysis of the prospective retirement
124.27 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
124.28 association, following approval of the request by the board of the volunteer firefighters'
124.29 relief association, and the chief administrative officer of the entity associated with the
124.30 relief association, following approval of the request by the governing body of the entity
124.31 associated with the relief association. If the relief association is associated with more than
124.32 one entity, the chief administrative officer of each associated entity must execute the
124.33 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
124.34 relief association, the cost analysis of the prospective retirement coverage must be
124.35 requested by the chief administrative officer of the entity operating the fire department.

125.1 The request must be made in writing and must be made on a form prescribed by the
125.2 executive director.

125.3 (c) The cost analysis of the prospective retirement coverage by the statewide
125.4 retirement plan must be based on the service pension amount under section 353G.11
125.5 closest to the service pension amount provided by the volunteer firefighters' relief
125.6 association; ~~if there is one~~ the relief association is a lump-sum defined benefit plan, or
125.7 the amount equal to 95 percent of the most current average account balance per relief
125.8 association member if the relief association is a defined contribution plan, or to the
125.9 lowest service pension amount under section 353G.11 if there is no volunteer firefighters'
125.10 relief association, rounded up, and any other service pension amount designated by
125.11 the requester or requesters. The cost analysis must be prepared using a mathematical
125.12 procedure certified as accurate by an approved actuary retained by the Public Employees
125.13 Retirement Association.

125.14 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
125.15 that has filed the information required under section 69.051 in a timely fashion, upon
125.16 request by the executive director, the state auditor shall provide the most recent data
125.17 available on the financial condition of the volunteer firefighters' relief association, the most
125.18 recent firefighter demographic data available, and a copy of the current relief association
125.19 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
125.20 exists, the chief administrative officer of the entity operating the fire department shall
125.21 provide the demographic information on the volunteer firefighters serving as members
125.22 of the fire department requested by the executive director.

125.23 (e) If a cost analysis is requested, the executive director of the State Board of
125.24 Investment shall review the investment portfolio of the relief association, if applicable,
125.25 for compliance with the applicable provisions of chapter 11A and for appropriateness
125.26 for retention under the established investment objectives and investment policies of the
125.27 State Board of Investment. If the prospective retirement coverage change is approved
125.28 under paragraph (f), the State Board of Investment may require that the relief association
125.29 liquidate any investment security or other asset which the executive director of the State
125.30 Board of Investment has determined to be an ineligible or inappropriate investment for
125.31 retention by the State Board of Investment. The security or asset liquidation must occur
125.32 before the effective date of the transfer of retirement plan coverage. If requested to do
125.33 so by the chief administrative officer of the relief association, the executive director of
125.34 the State Board of Investment shall provide advice about the best means to conduct the
125.35 liquidation.

126.1 (f) Upon receipt of the cost analysis, the governing body of the municipality
126.2 or independent nonprofit firefighting corporation associated with the fire department
126.3 shall either approve or disapprove the retirement coverage change within 90 days. If
126.4 the retirement coverage change is not acted upon within 90 days, it is deemed to be
126.5 disapproved. If the retirement coverage change is approved by the applicable governing
126.6 body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan
126.7 is effective on the next following January 1.

126.8 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

126.9 Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is
126.10 amended to read:

126.11 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior
126.12 to the effective date of the coverage change, the special fund of the applicable volunteer
126.13 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
126.14 association and legal title to the assets of the special fund transfers to the State Board of
126.15 Investment, with the beneficial title to the assets of the special fund remaining in the
126.16 applicable volunteer firefighters.

126.17 ~~(b) If the market value of the special fund of the volunteer firefighters' relief~~
126.18 ~~association for which retirement coverage changed under this chapter declines in the~~
126.19 ~~interval between the date of the most recent financial report or statement, and the special~~
126.20 ~~fund disestablishment date, the applicable municipality shall transfer an additional amount~~
126.21 ~~to the State Board of Investment equal to that decline. If more than one municipality is~~
126.22 ~~responsible for the direct management of the fire department, the municipalities shall~~
126.23 ~~allocate the additional transfer amount among the various applicable municipalities~~
126.24 ~~one-half in proportion to the population of each municipality and one-half in proportion~~
126.25 ~~to the market value of each municipality.~~

126.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

126.27 Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

126.28 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

126.29 **Subdivision 1. Annual funding requirements.** (a) Annually, the executive director
126.30 shall determine the funding requirements of each account in the voluntary statewide
126.31 lump-sum volunteer firefighter retirement plan on or before August 1. The funding
126.32 requirements as directed under this section, must be determined using a mathematical
126.33 procedure developed and certified as accurate by an approved actuary retained by the

127.1 Public Employees Retirement Association and based on present value factors using a six
127.2 percent interest rate, without any decrement assumptions. The funding requirements
127.3 must be certified to the entity or entities associated with the fire department whose active
127.4 firefighters are covered by the retirement plan.

127.5 (b) The overall funding balance of each account for the current calendar year must
127.6 be determined in the following manner:

127.7 (1) The total accrued liability for all active and deferred members of the account as
127.8 of December 31 of the current year must be calculated based on the good time service
127.9 credit of active and deferred members as of that date.

127.10 (2) The total present assets of the account projected to December 31 of the current
127.11 year, including receipts by and disbursements from the account anticipated to occur on or
127.12 before December 31, must be calculated. To the extent possible, the market value of assets
127.13 must be utilized in making this calculation.

127.14 (3) The amount of the total present assets calculated under clause (2) must be
127.15 subtracted from the amount of the total accrued liability calculated under clause (1). If the
127.16 amount of total present assets exceeds the amount of the total accrued liability, then the
127.17 account is considered to have a surplus over full funding. If the amount of the total present
127.18 assets is less than the amount of the total accrued liability, then the account is considered
127.19 to have a deficit from full funding. If the amount of total present assets is equal to the
127.20 amount of the total accrued liability, then the special fund is considered to be fully funded.

127.21 (c) The financial requirements of each account for the following calendar year must
127.22 be determined in the following manner:

127.23 (1) The total accrued liability for all active and deferred members of the account
127.24 as of December 31 of the calendar year next following the current calendar year must be
127.25 calculated based on the good time service used in the calculation under paragraph (b),
127.26 clause (1), increased by one year.

127.27 (2) The increase in the total accrued liability of the account for the following calendar
127.28 year over the total accrued liability of the account for the current year must be calculated.

127.29 (3) The amount of anticipated future administrative expenses of the account must be
127.30 calculated by multiplying the dollar amount of the administrative expenses for the most
127.31 recent prior calendar year by the factor of 1.035.

127.32 (4) If the account is fully funded, the financial requirement of the account for the
127.33 following calendar year is the total of the amounts calculated under clauses (2) and (3).

127.34 (5) If the account has a deficit from full funding, the financial requirement of the
127.35 account for the following calendar year is the total of the amounts calculated under clauses

128.1 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
128.2 funding of the account.

128.3 (6) If the account has a surplus over full funding, the financial requirement of
128.4 the account for the following calendar year is the financial requirement of the account
128.5 calculated as though the account was fully funded under clause (4) and, if the account has
128.6 also had a surplus over full funding during the prior two years, additionally reduced by an
128.7 amount equal to one-tenth of the amount of the surplus over full funding of the account.

128.8 (d) The required contribution of the entity or entities associated with the fire
128.9 department whose active firefighters are covered by the retirement plan is the annual
128.10 financial requirements of the account of the retirement plan under paragraph (c) reduced
128.11 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably
128.12 anticipated to be received by the retirement plan attributable to the entity or entities during
128.13 the following calendar year, and an amount of interest on the assets projected to be
128.14 received during the following calendar year calculated at the rate of six percent per annum.
128.15 The required contribution must be allocated between the entities if more than one entity
128.16 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
128.17 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

128.18 (e) The required contribution calculated in paragraph (d) must be paid to the
128.19 retirement plan on or before December 31 of the year for which it was calculated. If
128.20 the contribution is not received by the retirement plan by December 31, it is payable
128.21 with interest at an annual compound rate of six percent from the date due until the date
128.22 payment is received by the retirement plan. If the entity does not pay the full amount of
128.23 the required contribution, the executive director shall collect the unpaid amount under
128.24 section 353.28, subdivision 6.

128.25 Subd. 2. Cash flow funding requirement. If the executive director determines that
128.26 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
128.27 insufficient assets to meet the service pensions determined payable from the account,
128.28 the executive director shall certify the amount of the potential service pension shortfall
128.29 to the municipality or municipalities and the municipality or municipalities shall make
128.30 an additional employer contribution to the account within ten days of the certification.
128.31 If more than one municipality is associated with the account, unless the municipalities
128.32 agree to a different allocation, the municipalities shall allocate the additional employer
128.33 contribution one-half in proportion to the population of each municipality and one-half in
128.34 proportion to the market value of the property of each municipality.

128.35 Subd. 3. Authorized account disbursements. (f) The assets of the retirement
128.36 fund may only be disbursed for:

- 129.1 (1) the administrative expenses of the retirement plan;
129.2 (2) the investment expenses of the retirement fund;
129.3 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
129.4 353G.15; ~~and~~
129.5 (4) the survivor benefits payable under section 353G.12; and
129.6 (5) the disability benefit coverage insurance premiums under section 353G.115.

129.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

129.8 Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, is
129.9 amended to read:

129.10 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member
129.11 of the retirement plan is entitled to an alternative lump-sum service pension from the
129.12 retirement plan if the person:

129.13 (1) has separated from active service with the fire department for at least 30 days;

129.14 (2) has attained the age of at least 50 years or the age for receipt of a service pension
129.15 under the benefit plan of the applicable former volunteer firefighters' relief association
129.16 as of the date immediately prior to the election of the retirement coverage change,
129.17 whichever is later;

129.18 (3) has completed at least five years of active service with the fire department and at
129.19 least five years in total as a member of the applicable former volunteer firefighters' relief
129.20 association or of the retirement plan, but has not rendered at least five years of good time
129.21 service credit as a member of the retirement plan; and

129.22 (4) applies in a manner prescribed by the executive director for the service pension.

129.23 (b) If retirement coverage prior to statewide retirement plan coverage was provided
129.24 by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum
129.25 service pension is the service pension amount specified in the bylaws of the applicable
129.26 former volunteer firefighters' relief association either as of the date immediately prior to
129.27 the election of the retirement coverage change or as of the date immediately before the
129.28 termination of firefighting services, whichever is earlier, multiplied by the total number
129.29 of years of service as a member of that volunteer firefighters' relief association and as
129.30 a member of the retirement plan. If retirement coverage prior to statewide retirement
129.31 plan coverage was provided by a defined contribution plan volunteer firefighters relief
129.32 association, the alternative lump-sum service pension is an amount equal to the person's
129.33 account balance as of the date immediately prior to the date on which statewide retirement
129.34 plan coverage was first provided to the person plus six percent annual compound interest
129.35 from that date until the date immediately prior to the date of retirement.

130.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

130.2 Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is
 130.3 amended to read:

130.4 Subdivision 1. **Levels.** The retirement plan provides the following levels of service
 130.5 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

130.6	Level A	\$500 per year of good time service credit
130.7	Level B	\$750 \$600 per year of good time service credit
130.8	<u>Level C</u>	<u>\$700 per year of good time service credit</u>
130.9	<u>Level D</u>	<u>\$800 per year of good time service credit</u>
130.10	<u>Level E</u>	<u>\$900 per year of good time service credit</u>
130.11	Level E F	\$1,000 per year of good time service credit
130.12	<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
130.13	Level D H	\$1,500 per year of good time service credit
130.14	Level E I	\$2,000 per year of good time service credit
130.15	Level F J	\$2,500 per year of good time service credit
130.16	Level G K	\$3,000 per year of good time service credit
130.17	Level H L	\$3,500 per year of good time service credit
130.18	Level I M	\$4,000 per year of good time service credit
130.19	Level J N	\$4,500 per year of good time service credit
130.20	Level K O	\$5,000 per year of good time service credit
130.21	Level L P	\$5,500 per year of good time service credit
130.22	Level M Q	\$6,000 per year of good time service credit
130.23	Level N R	\$6,500 per year of good time service credit
130.24	Level O S	\$7,000 per year of good time service credit
130.25	Level P T	\$7,500 per year of good time service credit

130.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

130.27 Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a
 130.28 subdivision to read:

130.29 Subd. 1a. Continuation of prior service pension levels. If a municipality or
 130.30 independent nonprofit firefighting corporation elects to be covered by the retirement
 130.31 plan prior to January 1, 2010, and selects the \$750 per year of good time service credit
 130.32 service pension amount effective for January 1, 2010, that level continues for the volunteer
 130.33 firefighters of that municipality or independent nonprofit firefighting corporation until a
 130.34 different service pension amount is selected under subdivision 2 after January 1, 2010.

130.35 **EFFECTIVE DATE.** This section is effective July 1, 2010.

131.1 Sec. 8. **[353G.115] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
131.2 **CASUALTY INSURANCE.**

131.3 (a) Except as provided in paragraph (b), no disability benefit is payable from the
131.4 statewide retirement plan.

131.5 (b) If the board approves the arrangement, disability coverage for statewide
131.6 retirement plan members may be provided through a group disability insurance policy
131.7 obtained from an insurance company licensed to do business in this state. The voluntary
131.8 statewide lump-sum volunteer retirement plan is authorized to pay the premium for the
131.9 disability insurance authorized by this paragraph. The proportional amount of the total
131.10 annual disability insurance premium must be added to the required contribution amount
131.11 determined under section 353G.08.

131.12 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

131.13 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.08, is amended to read:

131.14 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
131.15 **AUTHORIZED DISBURSEMENTS.**

131.16 (a) Any qualified municipality which is entitled to receive fire state aid but which
131.17 has no volunteer firefighters' relief association directly associated with its fire department
131.18 and which has no full-time firefighters with retirement coverage by the public employees
131.19 police and fire retirement plan shall deposit the fire state aid in a special account
131.20 established for that purpose in the municipal treasury. Disbursement from the special
131.21 account may not be made for any purpose except:

131.22 (1) payment of the fees, dues and assessments to the Minnesota State Fire
131.23 Department Association and to the state Volunteer Firefighters' Benefit Association in
131.24 order to entitle its firefighters to membership in and the benefits of these state associations;

131.25 (2) payment of the cost of purchasing and maintaining needed equipment for the
131.26 fire department; and

131.27 (3) payment of the cost of construction, acquisition, repair, or maintenance of
131.28 buildings or other premises to house the equipment of the fire department.

131.29 (b) A qualified municipality which is entitled to receive fire state aid, which has no
131.30 volunteer firefighters' relief association directly associated with its fire department, which
131.31 does not participate in the voluntary statewide lump-sum volunteer firefighter retirement
131.32 plan under chapter 353G, and which has full-time firefighters with retirement coverage
131.33 by the public employees police and fire retirement plan may disburse the fire state aid as
131.34 provided in paragraph (a), for the payment of the employer contribution requirement with

132.1 respect to firefighters covered by the public employees police and fire retirement plan under
132.2 section 353.65, subdivision 3, or for a combination of the two types of disbursements.

132.3 (c) A municipality that has no volunteer firefighters' relief association directly
132.4 associated with it and that participates in the voluntary statewide lump-sum volunteer
132.5 firefighter retirement plan under chapter 353G shall transmit any fire state aid that it
132.6 receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

132.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

132.8 **ARTICLE 7**

132.9 **TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT**
132.10 **PROCEDURE REVISIONS**

132.11 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a
132.12 subdivision to read:

132.13 Subd. 41. **Annual base salary.** (a) "Annual base salary" means:

132.14 (1) for an independent school district or educational cooperative, the lowest full-time
132.15 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing
132.16 unit;

132.17 (2) for a charter school, the lowest starting annual salary for a full-time licensed
132.18 teacher employed during the previous fiscal year for that employing unit; and

132.19 (3) for a state agency or professional organization, the lowest starting annual salary
132.20 for a full-time Teachers Retirement Association covered position for the previous fiscal
132.21 year for that employing unit.

132.22 (b) If there is no previous fiscal year data because an employer unit is new and
132.23 paragraph (c) does not apply, the annual base salary for the first year of operation will be
132.24 as provided in paragraph (a), except that the base contract salary for the current fiscal year,
132.25 rather than the previous fiscal year, must be used.

132.26 (c) For a new employer unit created as a result of a merger or consolidation, the
132.27 annual base salary must be the lowest annual base salary as specified in paragraph (a) for
132.28 any of the employer units involved in the merger or consolidation.

132.29 **EFFECTIVE DATE.** This section is effective July 1, 2012.

132.30 Sec. 2. Minnesota Statutes 2008, section 354.07, subdivision 5, is amended to read:

132.31 **Subd. 5. Records; accounts; interest.** The board shall keep a record of the
132.32 receipts and disbursements of the fund and a separate account with each member of
132.33 the association. The board shall also keep separate accounts for annuity payments, for
132.34 employer contributions and all other necessary accounts and reserves. It shall determine

133.1 annually the annual interest earnings of the fund which shall include realized capital gains
133.2 and losses. Any amount in the capital reserve account on July 1, 1973₂ shall be transferred
133.3 to the employer contribution's account. The annual interest earnings shall be apportioned
133.4 and credited to the separate members' accounts except those covered under the provisions
133.5 of section 354.44, subdivision 6 ~~or 7~~. The rate to be used in this distribution computed to
133.6 the last full quarter percent shall be determined by dividing the interest earnings by the
133.7 total invested assets of the fund. The excess of the annual interest earnings in the excess
133.8 earnings reserve which was not credited to the various accounts shall be credited to the
133.9 gross interest earnings for the next succeeding year.

133.10 Sec. 3. Minnesota Statutes 2008, section 354.091, is amended to read:

133.11 **354.091 SERVICE CREDIT.**

133.12 Subdivision 1. Definition; monthly base salary. For purposes of this section,
133.13 "monthly base salary" means the annual base salary, as defined in section 354.05,
133.14 subdivision 41, divided by 12.

133.15 Subd. 2. Service credit annual limit. ~~(a) In computing service credit,~~ No teacher
133.16 may receive credit for more than one year of teaching service for any fiscal year.

133.17 ~~Additionally, in crediting allowable service:~~

133.18 ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~
133.19 ~~the fractional part of the day as the term of service performed bears to five hours;~~

133.20 ~~(2) if a teacher teaches five or more hours in a day, service credit must be given for~~
133.21 ~~only one day;~~

133.22 ~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be~~
133.23 ~~given for a full year of teaching service; and~~

133.24 ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~
133.25 ~~given for such fractional part of the year in the same relationship as the period of service~~
133.26 ~~performed bears to 170 days.~~

133.27 ~~(b) A teacher must receive a full year of service credit based on the number of days~~
133.28 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~
133.29 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~
133.30 ~~time it was performed.~~

133.31 ~~(c) A teacher must not lose or gain retirement service credit as a result of the~~
133.32 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~
133.33 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~
133.34 ~~procedures for determining service credit must be determined by the executive director~~
133.35 ~~with the approval of the board of trustees.~~

134.1 Subd. 3. Service credit calculation. (a) Except as specified in subdivisions 4 and
134.2 5, service credit must be calculated monthly by dividing the teacher's monthly salary by
134.3 the monthly base salary for the teacher's employing unit and multiplying the result by
134.4 11.1 percent.

134.5 (b) For purposes of computing service credit, salary must be allocated to each
134.6 calendar month based on the pay period begin and end dates. If the pay period covers
134.7 more than one calendar month, the salary must be allocated based on the number of days
134.8 in each calendar month.

134.9 (c) A teacher may not receive more than 11.1 percent of a year's service credit in
134.10 a calendar month.

134.11 (d) Annual service credit must be calculated by adding the allowable monthly
134.12 service credit for all 12 months of the fiscal year, with the result rounded to two decimal
134.13 places, subject to the annual limit specified in subdivision 2.

134.14 Subd. 4. Service credit determination for Minnesota State Colleges and
134.15 Universities system teachers. (d) For all services rendered on or after July 1, 2003,
134.16 service credit for all members employed by the Minnesota State Colleges and Universities
134.17 system must be determined:

134.18 (1) for full-time employees, by the definition of full-time employment contained in
134.19 the collective bargaining agreement for those units listed in section 179A.10, subdivision
134.20 2, or contained in the applicable personnel or salary plan for those positions designated in
134.21 section 179A.10, subdivision 1; and

134.22 (2) for part-time employees, by the appropriate proration of full-time equivalency
134.23 based on the provisions contained in the collective bargaining agreement for those units
134.24 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary
134.25 plan for those positions designated in section 179A.10, subdivision 1, and the applicable
134.26 procedures of the Minnesota State Colleges and Universities system; and

134.27 ~~(3) in no case may a member receive more than one year of service credit for any~~
134.28 ~~fiscal year.~~

134.29 Subd. 5. Service credit procedure, nontraditional schedules. For employer units
134.30 that have nontraditional work schedules or pay schedules, the procedure for determining
134.31 service credit must be specified by the executive director with the approval of the board of
134.32 trustees.

134.33 EFFECTIVE DATE. This section is effective for teaching service performed after
134.34 June 30, 2012.

135.1 Sec. 4. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is
135.2 amended to read:

135.3 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
135.4 the following data to the association for payroll warrants on an ongoing basis within 14
135.5 calendar days after the date of the payroll warrant in a format prescribed by the executive
135.6 director:

135.7 (1) association member number;

135.8 (2) employer-assigned employee number;

135.9 (3) Social Security number;

135.10 (4) amount of each salary deduction;

135.11 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
135.12 deduction was made;

135.13 (6) reason for payment;

135.14 ~~(7) service credit;~~

135.15 ~~(8) (7)~~ (7) the beginning and ending dates of the payroll period covered and the date
135.16 of actual payment;

135.17 ~~(9) (8)~~ (8) fiscal year of salary earnings;

135.18 ~~(10) (9)~~ (9) total remittance amount including employee, employer, and additional
135.19 employer contributions;

135.20 ~~(11) (10)~~ (10) reemployed annuitant salary under section 354.44, subdivision 5; and

135.21 ~~(12) (11)~~ (11) other information as may be required by the executive director.

135.22 **EFFECTIVE DATE.** This section is effective July 1, 2012.

135.23 Sec. 5. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision
135.24 to read:

135.25 Subd. 4d. **Annual base salary reporting.** An employing unit must provide the
135.26 following data to the association on or before June 30 of each fiscal year:

135.27 (1) annual base salary, as defined in section 354.05, subdivision 41; and

135.28 (2) beginning and ending dates for the regular school work year.

135.29 **EFFECTIVE DATE.** This section is effective July 1, 2011.

135.30 Sec. 6. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

135.31 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not
135.32 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a
135.33 fine of \$5 per calendar day until the association receives the required data.

136.1 (b) If the annual base salary required to be reported under subdivision 4d has not
136.2 been settled or determined as of June 16, the fine commences if the annual base salary has
136.3 not been reported to the association within 14 days following the settlement date.

136.4 **EFFECTIVE DATE.** This section is effective July 1, 2011.

136.5 Sec. 7. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

136.6 Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,
136.7 the term "part-time teaching position" means a teaching position within the district in
136.8 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~
136.9 ~~prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount
136.10 of at least 30 percent, but not exceeding 80 percent of the compensation established by the
136.11 board for a full-time teacher with identical education and experience with the employing
136.12 unit.

136.13 (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time
136.14 teaching position" means a teaching position within the district in which the teacher is
136.15 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~
136.16 ~~354.091, and for which the teacher is compensated in~~ for an amount of at least 15 percent,
136.17 but not exceeding 40 percent of the compensation established by the board for a full-time
136.18 teacher, with identical education and experience with the employing unit.

136.19 **EFFECTIVE DATE.** This section is effective for service provided after June 30,
136.20 2012.

136.21 **ARTICLE 8**

136.22 **MNSCU IRAP ADMINISTRATIVE PROVISIONS**

136.23 Section 1. Minnesota Statutes 2008, section 11A.04, is amended to read:

136.24 **11A.04 DUTIES AND POWERS.**

136.25 The state board shall:

136.26 (1) Act as trustees for each fund for which it invests or manages money in
136.27 accordance with the standard of care set forth in section 11A.09 if state assets are involved
136.28 and in accordance with chapter 356A if pension assets are involved.

136.29 (2) Formulate policies and procedures deemed necessary and appropriate to carry
136.30 out its functions. Procedures adopted by the board must allow fund beneficiaries and
136.31 members of the public to become informed of proposed board actions. Procedures and
136.32 policies of the board are not subject to the Administrative Procedure Act.

136.33 (3) Employ an executive director as provided in section 11A.07.

- 137.1 (4) Employ investment advisors and consultants as it deems necessary.
- 137.2 (5) Prescribe policies concerning personal investments of all employees of the board
137.3 to prevent conflicts of interest.
- 137.4 (6) Maintain a record of its proceedings.
- 137.5 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
137.6 assist the board in carrying out its duties.
- 137.7 (8) Not permit state funds to be used for the underwriting or direct purchase of
137.8 municipal securities from the issuer or the issuer's agent.
- 137.9 (9) Direct the commissioner of management and budget to sell property other than
137.10 money that has escheated to the state when the board determines that sale of the property
137.11 is in the best interest of the state. Escheated property must be sold to the highest bidder in
137.12 the manner and upon terms and conditions prescribed by the board.
- 137.13 (10) Undertake any other activities necessary to implement the duties and powers
137.14 set forth in this section.
- 137.15 (11) Establish a formula or formulas to measure management performance and
137.16 return on investment. Public pension funds in the state shall utilize the formula or
137.17 formulas developed by the state board.
- 137.18 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the
137.19 state of Minnesota, employ, at its discretion, qualified private firms to invest and manage
137.20 the assets of funds over which the state board has investment management responsibility.
137.21 There is annually appropriated to the state board, from the assets of the funds for which
137.22 the state board utilizes a private investment manager, sums sufficient to pay the costs of
137.23 employing private firms. Each year, by January 15, the board shall report to the governor
137.24 and legislature on the cost and the investment performance of each investment manager
137.25 employed by the board.
- 137.26 (13) Adopt an investment policy statement that includes investment objectives, asset
137.27 allocation, and the investment management structure for the retirement fund assets under
137.28 its control. The statement may be revised at the discretion of the state board. The state
137.29 board shall seek the advice of the council regarding its investment policy statement.
137.30 Adoption of the statement is not subject to chapter 14.
- 137.31 (14) Adopt a compensation plan setting the terms and conditions of employment for
137.32 unclassified board employees who are not covered by a collective bargaining agreement.
- 137.33 (15) Contract, as necessary, with the board of trustees of the Minnesota State
137.34 Universities and Colleges System for the provision of investment review and selection
137.35 services under section 354B.25, subdivision 3, and arrange for the receipt of payment
137.36 for those services.

138.1 There is annually appropriated to the state board, from the assets of the funds for
138.2 which the state board provides investment services, sums sufficient to pay the costs of
138.3 all necessary expenses for the administration of the board. These sums will be deposited
138.4 in the State Board of Investment operating account, which must be established by the
138.5 commissioner of management and budget.

138.6 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

138.7 Subdivision 1. **General governance.** The individual retirement account plan is the
138.8 administrative responsibility of the Board of Trustees of the Minnesota State Colleges
138.9 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities
138.10 may administer the plan directly or may contract out for administrative services with a
138.11 qualified third-party plan administrative entity and may contract out for investment review
138.12 and selection service.

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

138.14 Sec. 3. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

138.15 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
138.16 under subdivision 2 must be selected by the board. The board may contract with the State
138.17 Board of Investment or with a third party to provide the investment review and selection
138.18 services. The board must not contract with a third party to provide the investment option
138.19 review and selection services if the third party markets, offers, or has other material
138.20 interest in investment products. The board must require any third party contracted to
138.21 provide investment review and selection services to disclose to the board any contracts
138.22 for services and any financial relationships it has with vendors under consideration to
138.23 provide investment products under the plan.

138.24 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
138.25 the following:

138.26 (1) the experience and ability of the financial institution to provide benefits and
138.27 products that are suited to meet the needs of plan participants;

138.28 (2) the relationship of those benefits and products provided by the financial
138.29 institution to their cost;

138.30 (3) the financial strength and stability of the financial institution; and

138.31 (4) the fees and expenses associated with the investment products in comparison to
138.32 other products of similar risk and rates of return.

138.33 (b) After selecting a financial institution, the ~~State board of Investment~~ must
138.34 periodically review each financial institution and the offered products. The periodic

139.1 review must occur at least every three years. In making its review, the ~~State board of~~
139.2 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
139.3 establish a budget for the cost of the periodic review process, and charge a proportional
139.4 share of these costs to the reviewed financial institution.

139.5 (c) Contracts with financial institutions under this section must be executed by the
139.6 board ~~and must be approved by the State Board of Investment before execution.~~

139.7 (d) ~~The State Board of Investment shall also establish policies and procedures under~~
139.8 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

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

139.10 Sec. 4. Minnesota Statutes 2008, section 354C.14, is amended to read:

139.11 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

139.12 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall
139.13 invest the deductions and contributions under section 354C.12, after deduction of
139.14 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or
139.15 custodial accounts from financial institutions selected ~~by the State Board of Investment~~
139.16 under section 354B.25, subdivision 3.

139.17 (b) The retirement contributions and death benefits provided by annuity contracts or
139.18 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges
139.19 and Universities are owned by the supplemental retirement plan and must be paid in
139.20 accordance with those annuity contracts or custodial account agreements.

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

139.22 Sec. 5. **REPEALER.**

139.23 Minnesota Statutes 2008, section 354C.15, is repealed.

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

139.25 **ARTICLE 9**

139.26 **ACTUARIAL VALUATION REPORTING DEADLINE DATES**

139.27 Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

139.28 Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of
139.29 the beginning of each fiscal year.

139.30 (b) Two copies of the completed valuation must be delivered to the executive
139.31 director of the Legislative Commission on Pensions and Retirement, to the commissioner
139.32 of management and budget, and to the Legislative Reference Library. The copies of the

140.1 actuarial valuation must be filed with the executive director of the Legislative Commission
140.2 on Pensions and Retirement, the commissioner of management and budget, and the
140.3 Legislative Reference Library no later than the last day of the sixth month occurring
140.4 after the end of the previous fiscal year.

140.5 (c) Two copies of a quadrennial experience study must be filed with the
140.6 executive director of the Legislative Commission on Pensions and Retirement, with the
140.7 commissioner of management and budget, and with the Legislative Reference Library, not
140.8 later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal
140.9 year of the four-year period which the experience study covers.

140.10 (d) For actuarial valuations and experience studies prepared at the direction of
140.11 the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the
140.12 document must be delivered to the governing or managing board or administrative officials
140.13 of the applicable public pension and retirement fund or plan.

140.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

140.15 **ARTICLE 10**

140.16 **OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN** 140.17 **MARRIAGE DISSOLUTIONS**

140.18 Section 1. **[356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO**
140.19 **MARRIAGE DISSOLUTION OR ANNULMENT.**

140.20 Subdivision 1. **Covered plans.** This section applies to the following retirement
140.21 plans:

140.22 (1) the general state employees retirement plan of the Minnesota State Retirement
140.23 System established under chapter 352;

140.24 (2) the correctional state employees retirement plan of the Minnesota State
140.25 Retirement System established under chapter 352;

140.26 (3) the State Patrol retirement plan established under chapter 352B;

140.27 (4) the unclassified state employees retirement program of the Minnesota State
140.28 Retirement System established under chapter 352D;

140.29 (5) the general employee retirement plan of the Public Employees Retirement
140.30 Association established under chapter 353;

140.31 (6) the public employees police and fire retirement plan established under chapter
140.32 353;

140.33 (7) the local government correctional employees retirement plan of the Public
140.34 Employees Retirement Association established under chapter 353E;

140.35 (8) the Teachers Retirement Association established under chapter 354; and

141.1 (9) the uniform judicial retirement plan established under chapter 490.

141.2 Subd. 2. **Treatment.** (a) The treatment specified in this section applies if, after
141.3 the accrual date of an annuity or benefit from an applicable plan or plans, a marriage
141.4 dissolution decree or annulment decree is rendered that specifies that the designation
141.5 of an optional annuity must be revoked and if the other requirements specified in this
141.6 section are satisfied.

141.7 (b) Notwithstanding any law to the contrary, if the applicable pension plan or plans
141.8 have provisions of law that revise the monthly benefit amount payable to the primary
141.9 annuitant upon the death of the individual named as the optional joint annuitant, the
141.10 monthly benefit amount must be recomputed as though the individual that had been named
141.11 as the optional joint annuitant died on the date a certified copy of the marriage dissolution
141.12 or annulment decree is received by the chief administrative officer. Payment of any benefit
141.13 adjustment under this section is prospective only.

141.14 Subd. 3. **Restrictions.** (a) This section does not apply if the marriage dissolution
141.15 decree or annulment decree is not consistent with the requirements under section 518.58.

141.16 (b) The pension plan benefit recipient must not designate, and the court may not
141.17 require that the member designate, a subsequent optional annuity beneficiary.

141.18 (c) This section does not apply if more than one surviving individual was named as
141.19 an optional joint annuitant.

141.20 Subd. 4. **Submission of documentation.** To receive the treatment provided in
141.21 this section, an eligible retiree or disabilitant must provide, to the chief administrative
141.22 officer of the applicable pension plan, a certified copy of the marriage dissolution or
141.23 annulment decree. The retiree or disabilitant and the joint annuitant must also submit a
141.24 form, prescribed by the chief administrative officer of the applicable pension plan and
141.25 signed by both individuals, requesting the annuity bounce back as provided in subdivision
141.26 2. The individuals must also provide any other documentation the chief administrative
141.27 officer may request.

141.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and
141.29 applies retroactively to any marriage dissolution decree or annulment decree requiring the
141.30 revocation of an optional annuity form granted at any time prior to the date of enactment.

141.31 Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

141.32 Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds
141.33 that it is necessary to preserve the marital assets of the parties, the court may order the
141.34 sale of the homestead of the parties or the sale of other marital assets, as the individual
141.35 circumstances may require, during the pendency of a proceeding for a dissolution of

142.1 marriage or an annulment. If the court orders a sale, it may further provide for the
142.2 disposition of the funds received from the sale during the pendency of the proceeding.
142.3 ~~If liquid or readily liquidated marital property other than property representing vested~~
142.4 ~~pension benefits or rights is available, the court, so far as possible, shall divide the property~~
142.5 ~~representing vested pension benefits or rights by the disposition of an equivalent amount~~
142.6 ~~of the liquid or readily liquidated property.~~

142.7 (b) The court may order a partial distribution of marital assets during the pendency
142.8 of a proceeding for a dissolution of marriage or an annulment for good cause shown or
142.9 upon the request of both parties, provided that the court shall fully protect the interests
142.10 of the other party.

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

142.12 Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

142.13 Subd. 4. **Pension plans.** (a) The division of marital property that represents pension
142.14 plan benefits or rights in the form of future pension plan payments:

142.15 (1) is payable only to the extent of the amount of the pension plan benefit payable
142.16 under the terms of the plan;

142.17 (2) is not payable for a period that exceeds the time that pension plan benefits are
142.18 payable to the pension plan benefit recipient;

142.19 (3) is not payable in a lump-sum amount from defined benefit pension plan assets
142.20 attributable in any fashion to a spouse with the status of an active member, deferred
142.21 retiree, or benefit recipient of a pension plan;

142.22 (4) if the former spouse to whom the payments are to be made dies prior to the end
142.23 of the specified payment period with the right to any remaining payments accruing to an
142.24 estate or to more than one survivor, is payable only to a trustee on behalf of the estate or
142.25 the group of survivors for subsequent apportionment by the trustee; and

142.26 (5) in the case of defined benefit public pension plan benefits or rights, may not
142.27 commence until the public plan member submits a valid application for a public pension
142.28 plan benefit and the benefit becomes payable.

142.29 (b) The individual retirement account plans established under chapter 354B may
142.30 provide in its plan document, if published and made generally available, for an alternative
142.31 marital property division or distribution of individual retirement account plan assets. If an
142.32 alternative division or distribution procedure is provided, it applies in place of paragraph
142.33 (a), clause (5).

142.34 **(c) If liquid or readily liquidated marital property other than property representing**
142.35 **vested pension benefits or rights is available, the court, so far as possible, shall divide the**

143.1 property representing vested pension benefits or rights by the disposition of an equivalent
143.2 amount of the liquid or readily liquidated property.

143.3 (d) If sufficient liquid or readily liquidated marital property other than property
143.4 representing vested pension benefits or rights is not available, the court may order the
143.5 revocation of the designation of an optional annuity beneficiary in pension plans specified
143.6 in section 356.48 or in any other pension plan in which plan-governing law or governing
143.7 documents allow revocation of an optional annuity in marital dissolution or annulment
143.8 situations.

143.9 **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

143.10 (b) This section applies retroactively, for plans specified in section 365.48, to any
143.11 marriage dissolution decree or annulment decree requiring the revocation of an optional
143.12 annuity form granted at any time prior to the date of enactment.

143.13 **ARTICLE 11**

143.14 **ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS** 143.15 **EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES** 143.16 **RETIREMENT ASSOCIATION**

143.17 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a,
143.18 is amended to read:

143.19 Subd. 2a. **Included employees.** (a) Public employees whose salary from
143.20 employment in one or more positions within one governmental subdivision exceeds \$425
143.21 in any month shall participate as members of the association. If the salary is less than
143.22 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
143.23 employees shall participate as members of the association with retirement coverage by
143.24 the ~~public general~~ employees retirement plan ~~or under this chapter~~, the public employees
143.25 police and fire retirement plan under this chapter, or the local government correctional
143.26 employees retirement plan under chapter 353E, whichever applies, as a condition of their
143.27 employment on the first day of employment unless they:

143.28 (1) are specifically excluded under subdivision 2b;

143.29 (2) do not exercise their option to elect retirement coverage in the association as
143.30 provided in subdivision 2d, paragraph (a); or

143.31 (3) are employees of the governmental subdivisions listed in subdivision 2d,
143.32 paragraph (b), where the governmental subdivision has not elected to participate as a
143.33 governmental subdivision covered by the association.

143.34 (b) A public employee who was a member of the association on June 30, 2002,
143.35 based on employment that qualified for membership coverage by the public employees
143.36 retirement plan or the public employees police and fire plan under this chapter, or the

144.1 local government correctional employees retirement plan under chapter 353E as of June
144.2 30, 2002, retains that membership for the duration of the person's employment in that
144.3 position or incumbency in elected office. Except as provided in subdivision 28, the person
144.4 shall participate as a member until the employee or elected official terminates public
144.5 employment under subdivision 11a or terminates membership under subdivision 11b.

144.6 (c) Public employees under paragraph (a) include:

144.7 (1) physicians under section 353D.01, subdivision 2, who do not elect public
144.8 employees defined contribution plan coverage under section 353D.02, subdivision 2;

144.9 (2) full-time employees of the Dakota County Agricultural Society; and

144.10 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
144.11 Police Relief Association who are not excluded employees under subdivision 2b due to
144.12 coverage by the relief association pension plan and who elect Public Employee Retirement
144.13 Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

144.14 (d) For the purpose of participation in the MERF division of the general employees
144.15 retirement plan, public employees include employees who were members of the former
144.16 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
144.17 members of the MERF division of the association.

144.18 Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

144.19 Subd. 2b. **Excluded employees.** The following public employees are not eligible to
144.20 participate as members of the association with retirement coverage by the ~~public~~ general
144.21 employees retirement plan, the local government correctional employees retirement plan
144.22 under chapter 353E, or the public employees police and fire retirement plan:

144.23 (1) public officers, other than county sheriffs, who are elected to a governing body,
144.24 or persons who are appointed to fill a vacancy in an elective office of a governing body,
144.25 whose term of office commences on or after July 1, 2002, for the service to be rendered
144.26 in that elective position;

144.27 (2) election officers or election judges;

144.28 (3) patient and inmate personnel who perform services for a governmental
144.29 subdivision;

144.30 (4) except as otherwise specified in subdivision 12a, employees who are hired for
144.31 a temporary position as defined under subdivision 12a, and employees who resign from
144.32 a nontemporary position and accept a temporary position within 30 days in the same
144.33 governmental subdivision;

144.34 (5) employees who are employed by reason of work emergency caused by fire,
144.35 flood, storm, or similar disaster;

145.1 (6) employees who by virtue of their employment in one governmental subdivision
145.2 are required by law to be a member of and to contribute to any of the plans or funds
145.3 administered by the Minnesota State Retirement System, the Teachers Retirement
145.4 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
145.5 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund~~, or any police
145.6 or firefighters relief association governed by section 69.77 that has not consolidated
145.7 with the Public Employees Retirement Association, or any local police or firefighters
145.8 consolidation account who have not elected the type of benefit coverage provided by the
145.9 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
145.10 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
145.11 police and fire plan benefit coverage. This clause must not be construed to prevent a person
145.12 from being a member of and contributing to the Public Employees Retirement Association
145.13 and also belonging to and contributing to another public pension plan or fund for other
145.14 service occurring during the same period of time. A person who meets the definition of
145.15 "public employee" in subdivision 2 by virtue of other service occurring during the same
145.16 period of time becomes a member of the association unless contributions are made to
145.17 another public retirement fund on the salary based on the other service or to the Teachers
145.18 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

145.19 (7) persons who are members of a religious order and are excluded from coverage
145.20 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
145.21 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
145.22 as amended through January 1, 1987, if no irrevocable election of coverage has been made
145.23 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

145.24 (8) employees of a governmental subdivision who have not reached the age of
145.25 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
145.26 basis at an accredited school, college, or university in an undergraduate, graduate, or
145.27 professional-technical program, or a public or charter high school;

145.28 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
145.29 interns who are serving in a degree or residency program in public hospitals or clinics;

145.30 (10) students who are serving in an internship or residency program sponsored
145.31 by an accredited educational institution;

145.32 (11) persons who hold a part-time adult supplementary technical college license who
145.33 render part-time teaching service in a technical college;

145.34 (12) except for employees of Hennepin County or Hennepin Healthcare System,
145.35 Inc., foreign citizens working for a governmental subdivision with a work permit of less
145.36 than three years, or an H-1b visa valid for less than three years of employment. Upon

146.1 notice to the association that the work permit or visa extends beyond the three-year period,
146.2 the foreign citizens must be reported for membership from the date of the extension;

146.3 (13) public hospital employees who elected not to participate as members of the
146.4 association before 1972 and who did not elect to participate from July 1, 1988, to October
146.5 1, 1988;

146.6 (14) except as provided in section 353.86, volunteer ambulance service personnel,
146.7 as defined in subdivision 35, but persons who serve as volunteer ambulance service
146.8 personnel may still qualify as public employees under subdivision 2 and may be members
146.9 of the Public Employees Retirement Association and participants in the public general
146.10 employees retirement fund or the public employees police and fire fund, whichever
146.11 applies, on the basis of compensation received from public employment service other than
146.12 service as volunteer ambulance service personnel;

146.13 (15) except as provided in section 353.87, volunteer firefighters, as defined in
146.14 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
146.15 provided that a person who is a volunteer firefighter may still qualify as a public
146.16 employee under subdivision 2 and may be a member of the Public Employees Retirement
146.17 Association and a participant in the public general employees retirement fund or the public
146.18 employees police and fire fund, whichever applies, on the basis of compensation received
146.19 from public employment activities other than those as a volunteer firefighter;

146.20 (16) pipefitters and associated trades personnel employed by Independent School
146.21 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
146.22 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
146.23 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
146.24 241, article 2, section 12;

146.25 (17) electrical workers, plumbers, carpenters, and associated trades personnel
146.26 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
146.27 who have retirement coverage under a collective bargaining agreement by the Electrical
146.28 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
146.29 or the Carpenters Local 87 pension plan who were either first employed after May 1,
146.30 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
146.31 chapter 461, article 7, section 5;

146.32 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
146.33 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
146.34 Independent School District No. 625, St. Paul, with coverage under a collective
146.35 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
146.36 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324

147.1 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
147.2 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
147.3 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
147.4 Session chapter 10, article 10, section 6;

147.5 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
147.6 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
147.7 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
147.8 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

147.9 (20) employees who are hired after June 30, 2002, to fill seasonal positions under
147.10 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
147.11 days or less in each year of employment with the governmental subdivision;

147.12 (21) persons who are provided supported employment or work-study positions
147.13 by a governmental subdivision and who participate in an employment or industries
147.14 program maintained for the benefit of these persons where the governmental subdivision
147.15 limits the position's duration to three years or less, including persons participating in a
147.16 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
147.17 unemployment relief program where the training or work experience is not provided as a
147.18 part of, or for, future permanent public employment;

147.19 (22) independent contractors and the employees of independent contractors; and

147.20 (23) reemployed annuitants of the association during the course of that
147.21 reemployment.

147.22 Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
147.23 to read:

147.24 Subd. 47. **MERF division.** "MERF division" means the separate retirement plan
147.25 within the general employees retirement plan of the Public Employees Retirement
147.26 Association containing the applicable provisions of Minnesota Statutes 2008, chapter
147.27 422A.

147.28 Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
147.29 to read:

147.30 Subd. 48. **MERF division account.** "MERF division account" means the separate
147.31 account within the retirement fund of the general employees retirement fund of the
147.32 Public Employees Retirement Association in which the actuarial liabilities of the former
147.33 Minneapolis Employees Retirement Fund are held, and in which the assets of the former
147.34 Minneapolis Employees Retirement Fund are credited.

148.1 Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

148.2 **353.05 CUSTODIAN OF FUNDS.**

148.3 The commissioner of management and budget shall be ex officio treasurer of the
148.4 retirement funds of the association, including the MERF division, and the general bond of
148.5 the commissioner of management and budget to the state ~~shall~~ must be so conditioned
148.6 as to cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the
148.7 association received by the commissioner of management and budget ~~shall~~ must be set
148.8 aside in the state treasury to the credit of the proper fund or account. The commissioner
148.9 of management and budget shall transmit monthly to the executive director a detailed
148.10 statement of all amounts so received and credited to the ~~fund~~ funds, including the MERF
148.11 division. Payments out of the fund ~~shall~~ funds, including the MERF division, may only
148.12 be made only on warrants issued by the commissioner of management and budget, upon
148.13 abstracts signed by the executive director; provided that abstracts for investment may be
148.14 signed by the ~~secretary~~ executive director of the State Board of Investment.

148.15 Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

148.16 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

148.17 The executive director shall from time to time certify to the State Board of
148.18 Investment for investment such portions of the ~~retirement fund~~ funds of the association,
148.19 including the MERF division, as in ~~its~~ the director's judgment may not be required for
148.20 immediate use. The State Board of Investment shall thereupon invest and reinvest the sum
148.21 so certified, or transferred, in such securities as are duly authorized as legal investments
148.22 ~~for state employees retirement fund~~ under section 11A.24 and ~~shall have~~ has authority to
148.23 sell, convey, and exchange such securities and invest and reinvest the securities when it
148.24 deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~
148.25 executive director when such funds are needed for its purposes. All of the provisions
148.26 regarding accounting procedures and restrictions and conditions for the purchase and
148.27 sale of securities under chapter 11A must apply to the accounting, purchase and sale of
148.28 securities for the funds of the Public Employees Retirement fund Association, including
148.29 the MERF division.

148.30 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
148.31 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

148.32 **353.27 ~~PUBLIC~~ GENERAL EMPLOYEES RETIREMENT FUND.**

149.1 Subdivision 1. **Income; disbursements.** There is a special fund known as the
149.2 "public general employees retirement fund," the "retirement fund," or the "fund," which
149.3 must include all the assets of the general employees retirement plan of the association.
149.4 This fund must be credited with all contributions, all interest and all other income of the
149.5 general employees retirement plan of the Public Employees Retirement Association that
149.6 are authorized by law. From this fund there is appropriated the payments authorized by
149.7 ~~this chapter~~ sections 353.01 to 353.46 in the amounts and at such time provided herein,
149.8 including the expenses of administering the general employees retirement plan and fund.

149.9 Subd. 1a. **MERF division account established; revenue and disbursements.** The
149.10 MERF division account is established as a special account. The MERF division account
149.11 includes all of the assets of the former Minneapolis Employees Retirement Fund that
149.12 were transferred to the administration of the Public Employees Retirement Association
149.13 under section 353.50. The special account is credited with the contributions under
149.14 section 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision
149.15 3, investment performance on the special account assets, and all other income of the
149.16 MERF division authorized by law. The payments of annuities and benefits authorized by
149.17 Minnesota Statutes 2008, chapter 422A, in the amounts and at the times provided in
149.18 that chapter, and the administrative expenses of the MERF division are appropriated
149.19 from the special account.

149.20 Subd. 2. **General employees retirement plan; employee contribution.** (a) For
149.21 a basic member of the general employees retirement plan of the Public Employees
149.22 Retirement Association, the employee contribution is 9.10 percent of salary. For a
149.23 coordinated member of the general employees retirement plan of the Public Employees
149.24 Retirement Association, the employee contribution is six percent of salary plus any
149.25 contribution rate adjustment under subdivision 3b.

149.26 (b) These contributions must be made by deduction from salary as defined in section
149.27 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
149.28 member's salary is paid from other than public funds, the member's employee contribution
149.29 must be based on the total salary received by the member from all sources.

149.30 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
149.31 a basic member of the general employees retirement plan of the Public Employees
149.32 Retirement Association, the employer contribution is 9.10 percent of salary. For a
149.33 coordinated member of the general employees retirement plan of the Public Employees
149.34 Retirement Association, the employer contribution is six percent of salary plus any
149.35 contribution rate adjustment under subdivision 3b.

150.1 (b) This contribution must be made from funds available to the employing
 150.2 subdivision by the means and in the manner provided in section 353.28.

150.3 Subd. 3a. **Additional employer contribution.** (a) An additional employer
 150.4 contribution to the general employees retirement fund of the Public Employees Retirement
 150.5 Association must be made equal to the following applicable percentage of the total salary
 150.6 amount for "basic members" and for "coordinated members":

150.7	Basic Program	Coordinated Program
150.8 Effective before January 1, 2006	2.68	.43
150.9 Effective January 1, 2006	2.68	.50
150.10 Effective January 1, 2009	2.68	.75
150.11 Effective January 1, 2010	2.68	1.00

150.12 These contributions must be made from funds available to the employing subdivision
 150.13 by the means and in the manner provided in section 353.28.

150.14 (b) The coordinated program contribution rates set forth in paragraph (a) effective
 150.15 for ~~January 1, 2009, or~~ January 1, 2010, must not be implemented if, following receipt of
 150.16 the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports~~ report under section
 150.17 356.215, respectively, the actuarially required contributions are equal to or less than the
 150.18 total rates under this section in effect as of January 1, 2008.

150.19 (c) This subdivision is repealed once the actuarial value of the assets of the general
 150.20 employees retirement plan of the Public Employees Retirement Association equal or
 150.21 exceed the actuarial accrued liability of the plan as determined by the actuary retained
 150.22 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full
 150.23 pay period occurring after March 31 of the calendar year following the issuance of the
 150.24 actuarial valuation upon which the repeal is based.

150.25 Subd. 3b. **Change in employee and employer contributions in certain instances.**

150.26 (a) For purposes of this section, a contribution sufficiency exists if the total of the
 150.27 employee contribution under subdivision 2, the employer contribution under subdivision
 150.28 3, the additional employer contribution under subdivision 3a, and any additional
 150.29 contribution previously imposed under this subdivision exceeds the total of the normal
 150.30 cost, the administrative expenses, and the amortization contribution of the general
 150.31 employees retirement plan as reported in the most recent actuarial valuation of the
 150.32 retirement plan prepared by the actuary retained under section 356.214 and prepared under
 150.33 section 356.215 and the standards for actuarial work of the Legislative Commission on
 150.34 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
 150.35 the total of the employee contributions under subdivision 2, the employer contributions
 150.36 under subdivision 3, the additional employer contribution under subdivision 3a, and any
 150.37 additional contribution previously imposed under this subdivision is less than the total

151.1 of the normal cost, the administrative expenses, and the amortization contribution of the
151.2 general employees retirement plan as reported in the most recent actuarial valuation of the
151.3 retirement plan prepared by the actuary retained under section 356.214 and prepared under
151.4 section 356.215 and the standards for actuarial work of the Legislative Commission on
151.5 Pensions and Retirement.

151.6 (b) Employee and employer contributions to the general employees retirement plan
151.7 under subdivisions 2 and 3 must be adjusted:

151.8 (1) if, after July 1, 2010, the regular actuarial valuations of the general employees
151.9 retirement plan of the Public Employees Retirement Association under section 356.215
151.10 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater
151.11 than 0.5 percent of covered payroll for two consecutive years, the coordinated program
151.12 employee and employer contribution rates must be decreased as determined under
151.13 paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of
151.14 covered payroll based on the most recent actuarial valuation; or

151.15 (2) if, after July 1, 2010, the regular actuarial valuations of the general employees
151.16 retirement plan of the Public Employees Retirement Association under section 356.215
151.17 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for
151.18 two consecutive years, the coordinated program employee and employer contribution rates
151.19 must be increased as determined under paragraph (c) to a level such that no deficiency
151.20 exists based on the most recent actuarial valuation.

151.21 (c) The general employees retirement plan contribution rate increase or decrease
151.22 must be determined by the executive director of the Public Employees Retirement
151.23 Association, must be reported to the chair and the executive director of the Legislative
151.24 Commission on Pensions and Retirement on or before the next February 1, and, if the
151.25 Legislative Commission on Pensions and Retirement does not recommend against the rate
151.26 change or does not recommend a modification in the rate change, is effective on the
151.27 next July 1 following the determination by the executive director that a contribution
151.28 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
151.29 recent actuarial valuations under section 356.215. If the actuarially required contribution
151.30 of the general employees retirement plan exceeds or is less than the total support provided
151.31 by the combined employee and employer contribution rates by more than 0.5 percent of
151.32 covered payroll, the general employees retirement plan coordinated program employee
151.33 and employer contribution rates must be adjusted incrementally over one or more years to
151.34 a level such that there remains a contribution sufficiency of no more than 0.25 percent
151.35 of covered payroll.

152.1 (d) No incremental adjustment may exceed 0.25 percent for either the general
152.2 employees retirement plan coordinated program employee and employer contribution rates
152.3 per year in which any adjustment is implemented. A general employees retirement plan
152.4 contribution rate adjustment under this subdivision must not be made until at least two
152.5 years have passed since fully implementing a previous adjustment under this subdivision.

152.6 (e) The general employees retirement plan contribution sufficiency or deficiency
152.7 determination under paragraphs (a) to (d) must be made without the inclusion of the
152.8 contributions to, the funded condition of, or the actuarial funding requirements of the
152.9 MERF division.

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

152.11 (a) A representative authorized by the head of each department shall deduct employee
152.12 contributions from the salary of each employee who qualifies for membership in the
152.13 general employees retirement plan of the Public Employees Retirement Association or in
152.14 the public employees police and fire retirement plan under this chapter and remit payment
152.15 in a manner prescribed by the executive director for the aggregate amount of the employee
152.16 contributions, the employer contributions and the additional employer contributions to be
152.17 received within 14 calendar days. The head of each department or the person's designee
152.18 shall for each pay period submit to the association a salary deduction report in the format
152.19 prescribed by the executive director. Data required to be submitted as part of salary
152.20 deduction reporting must include, but are not limited to:

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

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

152.23 (3) the amount of salary from which each deduction was made;

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

152.26 (5) adjustments or corrections covering past pay periods.

152.27 (b) Employers must furnish the data required for enrollment for each new employee
152.28 who qualifies for membership in the general employees retirement plan of the Public
152.29 Employees Retirement Association or in the public employees police and fire retirement
152.30 plan in the format prescribed by the executive director. The required enrollment data
152.31 on new employees must be submitted to the association prior to or concurrent with the
152.32 submission of the initial employee salary deduction. The employer shall also report
152.33 to the association all member employment status changes, such as leaves of absence,
152.34 terminations, and death, and shall report the effective dates of those changes, on an
152.35 ongoing basis for the payroll cycle in which they occur. The employer shall furnish data,
152.36 forms, and reports as may be required by the executive director for proper administration

153.1 of the retirement system. Before implementing new or different computerized reporting
153.2 requirements, the executive director shall give appropriate advance notice to governmental
153.3 subdivisions to allow time for system modifications.

153.4 (c) Notwithstanding paragraph (a), the ~~association~~ executive director may provide
153.5 for less frequent reporting and payments for small employers.

153.6 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
153.7 as provided in paragraph (b), erroneous employee deductions and erroneous employer
153.8 contributions and additional employer contributions to the general employees retirement
153.9 plan of the Public Employees Retirement Association or to the public employees police
153.10 and fire retirement plan for a person, who otherwise does not qualify for membership
153.11 under this chapter, are considered:

153.12 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
153.13 determination of the error by the association, the person may continue membership in the
153.14 association while employed in the same position for which erroneous deductions were
153.15 taken, or file a written election to terminate membership and apply for a refund upon
153.16 termination of public service or defer an annuity under section 353.34; or

153.17 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
153.18 1990. Upon determination of the error, the association shall refund all erroneous employee
153.19 deductions and all erroneous employer contributions as specified in paragraph (e). No
153.20 person may claim a right to continued or past membership in the association based on
153.21 erroneous deductions which began on or after January 1, 1990.

153.22 (b) Erroneous deductions taken from the salary of a person who did not qualify for
153.23 membership in the general employees retirement plan of the Public Employees Retirement
153.24 Association or in the public employees police and fire retirement plan by virtue of
153.25 concurrent employment before July 1, 1978, which required contributions to another
153.26 retirement fund or relief association established for the benefit of officers and employees
153.27 of a governmental subdivision, are invalid. Upon discovery of the error, the association
153.28 shall remove all invalid service and, upon termination of public service, the association
153.29 shall refund all erroneous employee deductions to the person, with interest as determined
153.30 under section 353.34, subdivision 2, and all erroneous employer contributions without
153.31 interest to the employer. This paragraph has both retroactive and prospective application.

153.32 (c) Adjustments to correct employer contributions and employee deductions taken
153.33 in error from amounts which are not salary under section 353.01, subdivision 10, must
153.34 be made as specified in paragraph (e). The period of adjustment must be limited to the
153.35 fiscal year in which the error is discovered by the association and the immediate two
153.36 preceding fiscal years.

154.1 (d) If there is evidence of fraud or other misconduct on the part of the employee or
154.2 the employer, the board of trustees may authorize adjustments to the account of a member
154.3 or former member to correct erroneous employee deductions and employer contributions
154.4 on invalid salary and the recovery of any overpayments for a period longer than provided
154.5 for under paragraph (c).

154.6 (e) Upon discovery of the receipt of erroneous employee deductions and employer
154.7 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
154.8 the employer to discontinue the erroneous employee deductions and erroneous employer
154.9 contributions reported on behalf of a member. Upon discontinuation, the association must:

154.10 (1) for a member, provide a refund or credit to the employer in the amount of the
154.11 invalid employee deductions with interest on the invalid employee deductions at the rate
154.12 specified under section 353.34, subdivision 2, from the received date of each invalid salary
154.13 transaction through the date the credit or refund is made; and the employer must pay the
154.14 refunded employee deductions plus interest to the member;

154.15 (2) for a former member who:

154.16 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
154.17 deductions to the former member through a refund with interest at the rate specified under
154.18 section 353.34, subdivision 2, from the received date of each invalid salary transaction
154.19 through the date the credit or refund is made; or

154.20 (ii) is receiving a retirement annuity or disability benefit, or a person who is
154.21 receiving an optional annuity or survivor benefit, for whom it has been determined an
154.22 overpayment must be recovered, adjust the payment amount and recover the overpayments
154.23 as provided under this section; and

154.24 (3) return the invalid employer contributions reported on behalf of a member or
154.25 former member to the employer by providing a credit against future contributions payable
154.26 by the employer.

154.27 (f) In the event that a salary warrant or check from which a deduction for the
154.28 retirement fund was taken has been canceled or the amount of the warrant or check
154.29 returned to the funds of the department making the payment, a refund of the sum
154.30 deducted, or any portion of it that is required to adjust the deductions, must be made
154.31 to the department or institution.

154.32 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
154.33 is within the limitation period specified in paragraph (c), and an overpayment has resulted
154.34 by using invalid service or salary, or due to any erroneous calculation procedure, the
154.35 association must recalculate the annuity or benefit payable and recover any overpayment
154.36 as provided under subdivision 7b.

155.1 (h) Notwithstanding the provisions of this subdivision, the association may apply
155.2 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
155.3 Compliance Resolution System and not issue a refund of erroneous employee deductions
155.4 and employer contributions or not recover a small overpayment of benefits if the cost to
155.5 correct the error would exceed the amount of the member refund or overpayment.

155.6 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
155.7 failure by an employer to follow the statutory requirements for reporting eligible members
155.8 and salary must be paid by the employer.

155.9 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
155.10 deductions and employer contributions under this section, section 353.50, 353.65, or
155.11 353E.03 were erroneously transmitted to the association, but should have been transmitted
155.12 to another Minnesota public pension plan, the executive director shall transfer the
155.13 erroneous employee deductions and employer contributions to the appropriate retirement
155.14 fund or individual account, as applicable, without interest. The time limitations specified
155.15 in subdivisions 7 and 12 do not apply.

155.16 (b) For purposes of this subdivision, a Minnesota public pension plan means a
155.17 plan specified in section 356.30, subdivision 3, or the plans governed by chapters 353D
155.18 and 354B.

155.19 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
155.20 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
155.21 Code, as amended, must not be made by the executive director of the association. Within
155.22 30 days after being notified by the Public Employees Retirement Association of an
155.23 unmade potential transfer under this paragraph, the employer of the affected person
155.24 must transmit an amount representing the applicable salary deductions and employer
155.25 contributions, without interest, to the retirement fund of the appropriate Minnesota public
155.26 pension plan, or to the applicable individual account if the proper coverage is by a defined
155.27 contribution plan. The association must provide the employing unit a credit for the amount
155.28 of the erroneous salary deductions and employer contributions against future contributions
155.29 from the employer. If the employing unit receives a credit under this paragraph, the
155.30 employing unit is responsible for refunding to the applicable employee any amount that
155.31 had been erroneously deducted from the person's salary.

155.32 Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director
155.33 determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement
155.34 plan of the Public Employees Retirement Association, the public employees police and
155.35 fire retirement plan, or the local government correctional employees retirement plan is
155.36 the result of invalid salary included in the average salary used to calculate the payment

156.1 amount must be recovered, the association must determine the amount of the employee
156.2 deductions taken in error on the invalid salary, with interest determined in the manner
156.3 provided for a former member under subdivision 7, paragraph (e), clause (2), item (i),
156.4 and must subtract that amount from the total annuity or benefit overpayment, and the
156.5 remaining balance of the overpaid annuity or benefit, if any, must be recovered.

156.6 (b) If the invalid employee deductions plus interest exceed the amount of the
156.7 overpaid benefits, the balance must be refunded to the person to whom the benefit or
156.8 annuity is being paid.

156.9 (c) Any invalid employer contributions reported on the invalid salary must be
156.10 credited to the employer as provided in subdivision 7, paragraph (e).

156.11 (d) If a member or former member, who is receiving a retirement annuity or
156.12 disability benefit for which an overpayment is being recovered, dies before recovery of
156.13 the overpayment is completed and a joint and survivor optional annuity is payable, the
156.14 remaining balance of the overpaid annuity or benefit must continue to be recovered from
156.15 the payment to the optional annuity beneficiary.

156.16 (e) If the association finds that a refund has been overpaid to a former member,
156.17 beneficiary or other person, the amount of the overpayment must be recovered for the
156.18 benefit of the respective retirement fund or account.

156.19 (f) The board of trustees shall adopt policies directing the period of time and manner
156.20 for the collection of any overpaid retirement or optional annuity, and survivor or disability
156.21 benefit, or a refund that the executive director determines must be recovered as provided
156.22 under this section.

156.23 Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan
156.24 under this chapter or chapter 353E may be taken from the salary of a person who is
156.25 employed by a governmental subdivision under section 353.01, subdivision 6, and who is
156.26 receiving disability benefit payments from any plan under this chapter or chapter 353E
156.27 unless the person waives the right to further disability benefit payments.

156.28 Subd. 8. **District court reporters; salary deductions.** Deductions from the salary
156.29 of a district court reporter in a judicial district consisting of two or more counties ~~shall~~
156.30 must be made by the auditor of the county in which the bond and official oath of such
156.31 district court reporter are filed, from the portion of salary paid by such county.

156.32 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
156.33 elected officer of a governmental subdivision who was or is a "public employee" within
156.34 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
156.35 retirement plan of the Public Employees Retirement Association and whose salary
156.36 was or is paid in whole or in part from revenue derived by fees and assessments, shall

157.1 pay employee contribution in the amount, at the time, and in the manner provided in
 157.2 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
 157.3 The employer contribution as provided in subdivision 3, and the additional employer
 157.4 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
 157.5 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive
 157.6 and prospective application as to all such members; and every employing governmental
 157.7 subdivision is deemed liable, retroactively and prospectively, for all employer and
 157.8 additional employer contributions for every such member of the general employees
 157.9 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
 157.10 in all respects by section 353.28.

157.11 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
 157.12 furnish the executive director with an exclusion report listing only those employees in
 157.13 potentially ~~PERA-eligible~~ PERA general employees retirement plan-eligible positions
 157.14 who were not reported as members of the ~~association~~ general employees retirement plan
 157.15 and who worked during the school year for school employees and calendar year for
 157.16 nonschool employees. The department head must certify the accuracy and completeness
 157.17 of the exclusion report to the association. The executive director shall prescribe the
 157.18 manner and forms, including standardized exclusion codes, to be used by a governmental
 157.19 subdivision in preparing and filing exclusion reports. The executive director shall also
 157.20 check the exclusion report to ascertain whether any omissions have been made by a
 157.21 department head in the reporting of new public employees for membership. The executive
 157.22 director may delegate an association employee under section 353.03, subdivision 3a,
 157.23 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
 157.24 governmental subdivision.

157.25 Subd. 11. **Employers; required to furnish requested information.** (a) All
 157.26 governmental subdivisions shall furnish promptly such other information relative to the
 157.27 employment status of all employees or former employees, including, but not limited to,
 157.28 payroll abstracts pertaining to all past and present employees, as may be requested by the
 157.29 executive director, including schedules of salaries applicable to various categories of
 157.30 employment.

157.31 (b) In the event payroll abstract records have been lost or destroyed, for whatever
 157.32 reason or in whatever manner, so that such schedules of salaries cannot be furnished
 157.33 therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the
 157.34 association an estimate of the earnings of any employee or former employee for any
 157.35 period as may be requested by the executive director. If the association is provided a
 157.36 schedule of estimated earnings, the executive director is authorized to use the same as a

158.1 basis for making whatever computations might be necessary for determining obligations
 158.2 of the employee and employer to the general employees retirement fund plan, the public
 158.3 employees police and fire retirement plan, or the local government correctional employees
 158.4 retirement plan. If estimates are not furnished by the employer at the request of the
 158.5 executive director, the executive director may estimate the obligations of the employee
 158.6 and employer to the general employees retirement fund, the public employees police and
 158.7 fire retirement plan, or the local government correctional employees retirement plan based
 158.8 upon those records that are in its possession.

158.9 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission
 158.10 of required deductions for the general employees retirement plan, the public employees
 158.11 police and fire retirement plan, or the local government correctional employees retirement
 158.12 plan from the salary of an employee, the department head or designee shall immediately,
 158.13 upon discovery, report the employee for membership and deduct the employee deductions
 158.14 under subdivision 4 during the current pay period or during the pay period immediately
 158.15 following the discovery of the omission. Payment for the omitted obligations may only be
 158.16 made in accordance with reporting procedures and methods established by the executive
 158.17 director.

158.18 (b) When the entire omission period of an employee does not exceed 60 days, the
 158.19 governmental subdivision may report and submit payment of the omitted employee
 158.20 deductions and the omitted employer contributions through the reporting processes under
 158.21 subdivision 4.

158.22 (c) When the omission period of an employee exceeds 60 days, the governmental
 158.23 subdivision shall furnish to the association sufficient data and documentation upon which
 158.24 the obligation for omitted employee and employer contributions can be calculated.
 158.25 The omitted employee deductions must be deducted from the employee's subsequent
 158.26 salary payment or payments and remitted to the association for deposit in the applicable
 158.27 retirement fund. The employee shall pay omitted employee deductions due for the 60
 158.28 days prior to the end of the last pay period in the omission period during which salary
 158.29 was earned. The employer shall pay any remaining omitted employee deductions and any
 158.30 omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent
 158.31 compounded annually, from the date or dates each omitted employee contribution was
 158.32 first payable.

158.33 (d) An employer shall not hold an employee liable for omitted employee deductions
 158.34 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
 158.35 those employee deductions paid by the employer on behalf of the employee. Omitted
 158.36 deductions due under paragraph (c) which are not paid by the employee constitute a

159.1 liability of the employer that failed to deduct the omitted deductions from the employee's
 159.2 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
 159.3 compounded annually. Omitted employee deductions are no longer due if an employee
 159.4 terminates public service before making payment of omitted employee deductions to
 159.5 the association, but the employer remains liable to pay omitted employer contributions
 159.6 plus interest at an annual rate of 8.5 percent compounded annually from the date the
 159.7 contributions were first payable.

159.8 (e) The association may not commence action for the recovery of omitted employee
 159.9 deductions and employer contributions after the expiration of three calendar years after
 159.10 the calendar year in which the contributions and deductions were omitted. Except as
 159.11 provided under paragraph (b), no payment may be made or accepted unless the association
 159.12 has already commenced action for recovery of omitted deductions. An action for recovery
 159.13 commences on the date of the mailing of any written correspondence from the association
 159.14 requesting information from the governmental subdivision upon which to determine
 159.15 whether or not omitted deductions occurred.

159.16 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
 159.17 who was a member of the general employees retirement plan of the Public Employees
 159.18 Retirement Association, the public employees police and fire retirement plan, or the local
 159.19 government correctional employees retirement plan and who has a period of employment
 159.20 in which previously omitted employer contributions were made under subdivision 12
 159.21 but for whom no, or only partial, omitted employee contributions have been made, or
 159.22 a member who had prior coverage in the association for which previously omitted
 159.23 employer contributions were made under subdivision 12 but who terminated service
 159.24 before required omitted employee deductions could be withheld from salary, may pay the
 159.25 omitted employee deductions for the period on which omitted employer contributions
 159.26 were previously paid plus interest at an annual rate of 8.5 percent compounded annually.
 159.27 A terminated employee may pay the omitted employee deductions plus interest within six
 159.28 months of an initial notification from the association of eligibility to pay those omitted
 159.29 deductions. If a terminated employee is reemployed in a position covered under a public
 159.30 pension fund under section 356.30, subdivision 3, and elects to pay omitted employee
 159.31 deductions, payment must be made no later than six months after a subsequent termination
 159.32 of public service.

159.33 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were
 159.34 omitted from salary adjustments or final salary of a terminated employee who was a
 159.35 member of the general employees retirement plan, the public employees police and fire
 159.36 retirement plan, or the local government correctional employees retirement plan and who

160.1 is immediately eligible to draw a monthly benefit, the employer shall pay the omitted
160.2 employer and employer additional contributions plus interest on both the employer and
160.3 employee amounts due at an annual rate of 8.5 percent compounded annually. The
160.4 employee shall pay the employee deductions within six months of an initial notification
160.5 from the association of eligibility to pay omitted deductions or the employee forfeits
160.6 the right to make the payment.

160.7 Subd. 13. **Certain warrants canceled.** A warrant payable from the general
160.8 employees retirement fund, the public employees police and fire retirement fund, or the
160.9 local government correctional retirement fund remaining unpaid for a period of six
160.10 months must be canceled into the applicable retirement fund and not canceled into the
160.11 state's general fund.

160.12 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to
160.13 be a governmental subdivision due to receipt of a written notice of eligibility from the
160.14 association with respect to the general employees retirement plan, the public employees
160.15 police and fire retirement plan, or the local government correctional retirement plan, that
160.16 employer and its employees are subject to the requirements of subdivision 12, effective
160.17 retroactively to the date that the executive director of the association determines that
160.18 the entity first met the definition of a governmental subdivision, if that date predates
160.19 the notice of eligibility.

160.20 (b) If the retroactive time period under paragraph (a) exceeds three years, an
160.21 employee is authorized to purchase service credit in the applicable Public Employees
160.22 Retirement Association plan for the portion of the period in excess of three years, by
160.23 making payment under section 356.551. Notwithstanding any provision of section
160.24 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a
160.25 service credit purchase amount may be made anytime before the termination of public
160.26 service.

160.27 (c) This subdivision does not apply if the applicable employment under paragraph
160.28 (a) included coverage by any public or private defined benefit or defined contribution
160.29 retirement plan, other than a volunteer firefighters relief association. If this paragraph
160.30 applies, an individual is prohibited from purchasing service credit from a Public Employees
160.31 Retirement Association plan for any period or periods specified in paragraph (a).

160.32 Sec. 8. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

160.33 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled
160.34 to a refund of accumulated employee deductions under subdivision 2, or to a deferred
160.35 annuity under subdivision 3. Application for a refund may not be made before the date of

161.1 termination of public service. Except as specified in paragraph (b), a refund must be paid
161.2 within 120 days following receipt of the application unless the applicant has again become
161.3 a public employee required to be covered by the association.

161.4 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
161.5 a refund is not payable before termination of service under section 353.01, subdivision 11a.

161.6 (c) An individual who terminates public service covered by the Public Employees
161.7 Retirement Association general employees retirement plan, the MERF division, the
161.8 Public Employees Retirement Association police and fire retirement plan, or the public
161.9 employees local government corrections service retirement plan, and who is employed
161.10 by a different employer and who becomes an active member covered by one of the other
161.11 two plans, may receive a refund of employee contributions plus six percent interest
161.12 compounded annually from the plan from which the member terminated service.

161.13 Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

161.14 Subd. 6. **Additions to fund.** The board of trustees may credit to the general
161.15 employees retirement fund any ~~moneys~~ money received in the form of contributions,
161.16 donations, gifts, appropriations, bequests, or otherwise.

161.17 Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

161.18 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
161.19 for an annuity ~~under this chapter~~ from the general employees retirement plan of the Public
161.20 Employees Retirement Association, the public employees police and fire retirement plan,
161.21 or the local government correctional employees retirement plan must be suspended under
161.22 subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
161.23 annuity amount, if the person reenters public service as a nonelective employee of a
161.24 governmental subdivision in a position covered by this chapter or returns to work as an
161.25 employee of a labor organization that represents public employees who are association
161.26 members under this chapter and salary for the reemployment service exceeds the annual
161.27 maximum earnings allowable for that age for the continued receipt of full benefit amounts
161.28 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
161.29 the secretary of health and human services under United States Code, title 42, section 403,
161.30 in any calendar year. If the person has not yet reached the minimum age for the receipt
161.31 of Social Security benefits, the maximum salary for the person is equal to the annual
161.32 maximum earnings allowable for the minimum age for the receipt of Social Security
161.33 benefits.

162.1 (b) The provisions of paragraph (a) do not apply to the members of the MERF
162.2 division.

162.3 Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

162.4 Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on
162.5 the first of the month after the month in which the salary of the reemployed annuitant
162.6 described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1,
162.7 paragraph (a), based only on those months in which the annuitant is actually employed
162.8 in nonelective public service in a position covered under this chapter or employment
162.9 with a labor organization that represents public employees who are ~~association~~ members
162.10 of a retirement plan under this chapter or chapter 353E.

162.11 (b) An annuitant who is elected to public office after retirement may hold that office
162.12 and receive an annuity otherwise payable from a retirement plan administered by the
162.13 association.

162.14 Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3, is amended to read:

162.15 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
162.16 of the annuity of a person who has not reached the retirement age by one-half of the
162.17 amount in excess of the applicable reemployment income maximum under subdivision
162.18 1, paragraph (a).

162.19 (b) There is no reduction upon reemployment, regardless of income, for a person
162.20 who has reached the retirement age.

162.21 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

162.22 Subd. 4. **Resumption of annuity.** The association shall resume paying a full
162.23 annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the
162.24 start of each calendar year until the salary exceeds the maximums under subdivision 1,
162.25 paragraph (a), or on the first of the month following the termination of the employment
162.26 which resulted in the suspension of the annuity. The executive director may adopt policies
162.27 regarding the suspension and reduction of annuities under this section.

162.28 Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

162.29 Subd. 5. **Effect on annuity.** Except as provided under this section, public service
162.30 performed by an annuitant described in subdivision 1, paragraph (a), subsequent to
162.31 retirement ~~under this chapter~~ from the general employees retirement plan, the public
162.32 employees police and fire retirement plan, or the local government correctional employees

163.1 retirement plan does not increase or decrease the amount of an annuity. The annuitant shall
163.2 not make any further contributions to ~~the association's~~ a defined benefit plan administered
163.3 by the association by reason of this subsequent public service.

163.4 Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

163.5 Subd. 2. **Rights of deferred annuitant.** The ~~right~~ entitlement of a deferred
163.6 annuitant or other former member of the general employees retirement plan of the
163.7 Public Employees Retirement Association, the Minneapolis Employees Retirement Fund
163.8 division, the public employees police and fire retirement plan, or the local government
163.9 correctional employees retirement plan to receive an annuity under the law in effect at the
163.10 time ~~such~~ the person terminated public service is herein preserved; provided, however,
163.11 The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753
163.12 ~~shall~~ apply to a deferred annuitant or other former member who first begins receiving an
163.13 annuity after July 1, 1973.

163.14 Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

163.15 Subd. 6. **Computation of benefits for certain coordinated members.** Any
163.16 coordinated member of the general employees retirement plan of the Public Employees
163.17 Retirement Association who ~~prior to,~~ before July 1, 1979₂ was a member of the former
163.18 coordinated program of the former Minneapolis Municipal Employees Retirement
163.19 Fund and who ~~prior to,~~ before July 1, 1978₂ was a member of the basic program of the
163.20 Minneapolis Municipal Employees Retirement Fund ~~shall:~~

163.21 ~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the
163.22 calculation of which ~~shall~~ must utilize the formula accrual rates specified in section
163.23 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~
163.24 before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision
163.25 3, for the remainder of credited service, both applied to the average salary as specified
163.26 in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to
163.27 be used in calculating the retirement annuity ~~shall~~ must recognize the service after July
163.28 1, 1978₂ as a member of the former coordinated program of the former Minneapolis
163.29 Municipal Employees Retirement Fund and after July 1, 1979₂ as a member of the
163.30 general employees retirement plan of the Public Employees Retirement Association as
163.31 a continuation of service rendered ~~prior to~~ before July 1, 1978. The annuity amount
163.32 attributable to service as a member of the basic program of the former Minneapolis
163.33 Municipal Employees Retirement Fund ~~shall be~~ is payable by from the Minneapolis
163.34 Employees Retirement Fund MERF division and the annuity amount attributable to all

164.1 other service ~~shall be~~ is payable ~~by~~ from the general employees retirement fund of the
164.2 Public Employees Retirement Association;

164.3 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
164.4 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~
164.5 ~~by the Public Employees Retirement Association, if the member has or would, without~~
164.6 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
164.7 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
164.8 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
164.9 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
164.10 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
164.11 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
164.12 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
164.13 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
164.14 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
164.15 ~~payable by the Public Employees Retirement Association.~~

164.16 Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
164.17 **AND OPERATION.**

164.18 Subdivision 1. **Administrative consolidation.** (a) Notwithstanding any provision
164.19 of this chapter or chapter 422A to the contrary, the administration of the Minneapolis
164.20 Employees Retirement Fund as the MERF division is transferred to the Public Employees
164.21 Retirement Association board of trustees. The assets, service credit, and benefit liabilities
164.22 of the Minneapolis Employees Retirement Fund transfer to the MERF division account
164.23 within the general employees retirement plan of the Public Employees Retirement
164.24 Association established by section 353.27, subdivision 1a, on July 1, 2010.

164.25 (b) The creation of the MERF division must not be construed to alter the Social
164.26 Security or Medicare coverage of any member of the former Minneapolis Employees
164.27 Retirement Fund on June 29, 2010, while the person is employed in a position covered
164.28 under the MERF division of the Public Employees Retirement Association.

164.29 Subd. 2. **Membership transfer.** Effective June 30, 2010, the active, inactive, and
164.30 retired members of the Minneapolis Employees Retirement Fund are transferred to the
164.31 MERF division administered by the Public Employees Retirement Association and are no
164.32 longer members of the Minneapolis Employees Retirement Fund.

164.33 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
164.34 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
164.35 as specified in the records of the Minneapolis Employees Retirement Fund through June

165.1 30, 2010, are transferred to the MERF division of the Public Employees Retirement
165.2 Association and are credited by the MERF division. Annuities or benefits of persons
165.3 who are active members of the former Minneapolis Employees Retirement Fund on
165.4 June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;
165.5 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;
165.6 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic
165.7 postretirement adjustments after December 31, 2010, under section 356.415.

165.8 (b) The liability for the payment of annuities and benefits of the Minneapolis
165.9 Employees Retirement Fund retirees and benefit recipients as specified in the records
165.10 of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the
165.11 MERF division of the Public Employees Retirement Association on June 30, 2010.

165.12 Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the
165.13 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
165.14 to the Minneapolis Employees Retirement Fund and its benefit plan to the executive
165.15 director of the Public Employees Retirement Association. To the extent possible, original
165.16 copies of all records and documents must be transferred.

165.17 Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of
165.18 the Minneapolis Employees Retirement Fund transfers to the State Board of Investment
165.19 and the assets must be invested under section 11A.14, as assets of the MERF division of
165.20 the Public Employees Retirement Association. The MERF division is the successor in
165.21 interest to all claims that the former Minneapolis Employees Retirement Fund may have
165.22 or may assert against any person and is the successor in interest to all claims which could
165.23 have been asserted against the former Minneapolis Employees Retirement Fund, but the
165.24 MERF division is not liable for any claim against the former Minneapolis Employees
165.25 Retirement Fund, its former governing board, or its former administrative staff acting in a
165.26 fiduciary capacity under chapter 356A or under common law, which is founded upon a
165.27 claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach
165.28 were not undertaken in good faith, the Public Employees Retirement Association may
165.29 assert any applicable defense to any claim in any judicial or administrative proceeding
165.30 that the former Minneapolis Employees Retirement Fund, its former board, or its
165.31 former administrative staff would otherwise have been entitled to assert, and the Public
165.32 Employees Retirement Association may assert any applicable defense that it has in its
165.33 capacity as a statewide agency.

165.34 Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired,
165.35 disabled, deferred, or inactive Minneapolis Employees Retirement Fund members
165.36 with that status as of June 30, 2010, with the exception of post-December 31, 2010,

166.1 postretirement adjustments, which are governed by paragraph (b), as calculated under
166.2 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
166.3 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
166.4 422A.23, continue in force after the administrative consolidation under this article.

166.5 (b) After December 31, 2010, annuities and benefits from the MERF division are
166.6 eligible for annual automatic postretirement adjustments solely under section 356.415.

166.7 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
166.8 member and employer contributions to the MERF division account are governed by this
166.9 subdivision.

166.10 (b) An active member covered by the MERF division must make an employee
166.11 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
166.12 subdivision 10. The employee contribution must be made by payroll deduction by the
166.13 member's employing unit under section 353.27, subdivision 4, and is subject to the
166.14 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

166.15 (c) The employer regular contribution to the MERF division account with respect
166.16 to an active MERF division member is 9.75 percent of the total salary of the member as
166.17 defined in section 353.01, subdivision 10.

166.18 (d) The employer additional contribution to the MERF division account with respect
166.19 to an active member of the MERF division is 2.68 percent of the total salary of the member
166.20 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
166.21 that the employing unit paid or is payable to the former Minneapolis Employees
166.22 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,
166.23 or 2a, during calendar year 2009, as was certified by the former executive director of the
166.24 former Minneapolis Employees Retirement Fund.

166.25 (e) Annually after June 30, 2012, the employer supplemental contribution to
166.26 the MERF division account by the city of Minneapolis, Special School District No. 1,
166.27 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
166.28 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and
166.29 the Minnesota State Colleges and Universities system is the larger of the following:

166.30 (1) the amount by which the total actuarial required contribution determined under
166.31 section 356.215 by the approved actuary retained by the Public Employees Retirement
166.32 Association in the most recent actuarial valuation of the MERF division and based on a
166.33 June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b),
166.34 (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or

166.35 (2) the amount of \$27,000,000, but the total supplemental contribution amount
166.36 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each

167.1 employing unit's share of the total employer supplemental contribution amount is equal
167.2 to the applicable portion specified in paragraph (g). The initial total actuarial required
167.3 contribution after June 30, 2012, must be calculated using the mortality assumption
167.4 change recommended on September 30, 2009, for the Minneapolis Employees Retirement
167.5 Fund by the approved consulting actuary retained by the Minneapolis Employees
167.6 Retirement Fund board.

167.7 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
167.8 August 1 annually, if the amount of the retirement annuities and benefits paid from the
167.9 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
167.10 exceeds the market value of the assets of the MERF division account on the preceding
167.11 June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies,
167.12 plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding
167.13 fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional
167.14 employer contribution. The special additional employer contribution under this paragraph
167.15 is payable in addition to any employer contribution required under paragraphs (c), (d), and
167.16 (e), and is payable on or before the following June 30. The special additional employer
167.17 contribution under this paragraph must be allocated as specified in paragraph (g).

167.18 (g) The employer supplemental contribution under paragraph (e) or the special
167.19 additional employer contribution under paragraph (f) must be allocated between the city
167.20 of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned
167.21 public utility, improvement, or municipal activity, the Minnesota State Colleges and
167.22 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan
167.23 Airports Commission in proportion to their share of the actuarial accrued liability of the
167.24 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the
167.25 approved actuary retained under section 356.214 as part of the actuarial valuation prepared
167.26 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by
167.27 the Legislative Commission on Pensions and Retirement.

167.28 (h) The employer contributions under paragraphs (c), (d), and (e) must be paid as
167.29 provided in section 353.28.

167.30 (i) Contributions under this subdivision are subject to the provisions of section
167.31 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

167.32 Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized
167.33 by an annuitant or retirement benefit recipient in writing on a form prescribed by the
167.34 executive director of the Public Employees Retirement Association, the executive director
167.35 shall deduct the dues for the Minneapolis Municipal Retirement Association from the

168.1 person's annuity or retirement benefit. This dues deduction authority expires upon the
168.2 eventual full consolidation of the MERF account under subdivision 8.

168.3 Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value
168.4 of assets of the MERF division account equals or exceeds 80 percent of the actuarial
168.5 accrued liability of the MERF division as calculated by the approved actuary retained by
168.6 the Public Employees Retirement Association under section 356.215 and the Standards
168.7 for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement,
168.8 the MERF division must be merged with the general employees retirement plan of the
168.9 Public Employees Retirement Association and the MERF division account ceases as a
168.10 separate account within the general employees retirement fund of the Public Employees
168.11 Retirement Association.

168.12 (b) If the market value of the MERF division account is less than 100 percent of the
168.13 actuarial accrued liability of the MERF division under paragraph (a), the total employer
168.14 contribution of employing units referenced in subdivision 7, paragraph (e), for the period
168.15 after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment
168.16 the remaining unfunded actuarial accrued liability of the former MERF division account
168.17 on the full consolidation date by June 30, 2031, shall be calculated by the consulting
168.18 actuary retained under section 356.214 using the applicable postretirement interest rate
168.19 actuarial assumption for the general employees retirement plan under section 356.215.
168.20 The actuarial accrued liability of the MERF division must be calculated using the healthy
168.21 retired life mortality assumption applicable to the general employees retirement plan.

168.22 (c) The merger shall occur as of the first day of the first month after the date on
168.23 which the triggering actuarial valuation report is filed with the executive director of the
168.24 Legislative Commission on Pensions and Retirement.

168.25 (d) The executive director of the Public Employees Retirement Association shall
168.26 prepare proposed legislation fully implementing the merger and updating the applicable
168.27 provisions of chapters 353 and 356 and transmit the proposed legislation to the executive
168.28 director of the Legislative Commission on Pensions and Retirement by the following
168.29 February 15.

168.30 Subd. 9. **Merger of former MERF membership groups into PERA-general.**
168.31 If provided for in an agreement between the board of trustees of the Public Employees
168.32 Retirement Association and the governing board of an employing unit formerly with
168.33 retirement coverage provided for its employees by the former Minneapolis Employees
168.34 Retirement Fund, an employing unit may transfer sufficient assets to the general
168.35 employees retirement fund to cover the anticipated actuarial accrued liability for its
168.36 current or former employees that is in excess of MERF division account assets attributable

169.1 to those employees, have those employees be considered full members of the general
 169.2 employees retirement plan, and be relieved of any further contribution obligation to the
 169.3 general employees retirement plan for those employees under this section. Any agreement
 169.4 under this subdivision and any actuarial valuation report related to a merger under this
 169.5 subdivision must be submitted to the executive director of the Legislative Commission on
 169.6 Pensions and Retirement for comment prior to the final execution.

169.7 Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

169.8 Subd. 7. **Pension coverage for certain public safety employees of the**
 169.9 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 169.10 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 169.11 ~~30, 1978,~~ who is not eligible for coverage under the agreement signed between the state
 169.12 and the secretary of the federal Department of Health and Human Services making the
 169.13 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 169.14 municipal employees because that position is excluded from application ~~pursuant to~~ under
 169.15 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 169.16 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~
 169.17 ~~be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 169.18 firefighter or a police officer within the meaning of this section. The Metropolitan Airports
 169.19 Commission shall make the employer contribution required ~~pursuant to~~ under section
 169.20 353.65, subdivision 3, with respect to each of its firefighters or police officers covered
 169.21 by the public employees police and fire fund and shall meet the employers recording and
 169.22 reporting requirements set forth in section 353.65, subdivision 4.

169.23 Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

169.24 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 169.25 the applicable following preretirement interest assumption and the applicable following
 169.26 postretirement interest assumption:

169.27		preretirement	postretirement
169.28		interest rate	interest rate
169.29	plan	assumption	assumption
169.30	general state employees retirement plan	8.5%	6.0%
169.31	correctional state employees retirement plan	8.5	6.0
169.32	State Patrol retirement plan	8.5	6.0
169.33	legislators retirement plan	8.5	6.0
169.34	elective state officers retirement plan	8.5	6.0
169.35	judges retirement plan	8.5	6.0
169.36	general public employees retirement plan	8.5	6.0

170.1	public employees police and fire retirement plan	8.5	6.0
170.2	local government correctional service retirement		
170.3	plan	8.5	6.0
170.4	teachers retirement plan	8.5	6.0
170.5	Minneapolis employees retirement plan	6.0	5.0
170.6	Duluth teachers retirement plan	8.5	8.5
170.7	St. Paul teachers retirement plan	8.5	8.5
170.8	Minneapolis Police Relief Association	6.0	6.0
170.9	Fairmont Police Relief Association	5.0	5.0
170.10	Minneapolis Fire Department Relief Association	6.0	6.0
170.11	Virginia Fire Department Relief Association	5.0	5.0
170.12	Bloomington Fire Department Relief Association	6.0	6.0
170.13	local monthly benefit volunteer firefighters relief		
170.14	associations	5.0	5.0

170.15 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 170.16 single rate future salary increase assumption, the applicable following modified single
 170.17 rate future salary increase assumption, or the applicable following graded rate future
 170.18 salary increase assumption:

170.19 (1) single rate future salary increase assumption

170.20	plan	future salary increase assumption
170.21	legislators retirement plan	5.0%
170.22	judges retirement plan	4.0
170.23	Minneapolis Police Relief Association	4.0
170.24	Fairmont Police Relief Association	3.5
170.25	Minneapolis Fire Department Relief	
170.26	Association	4.0
170.27	Virginia Fire Department Relief Association	3.5
170.28	Bloomington Fire Department Relief	
170.29	Association	4.0
170.30		

170.31 ~~(2) modified single rate future salary increase assumption~~

170.32	plan	future salary increase assumption
170.33	Minneapolis employees	the prior calendar year amount increased
170.34	retirement plan	first by 1.0198 percent to prior fiscal year
170.35		date and then increased by 4.0 percent
170.36		annually for each future year
170.37		

170.38 ~~(3)~~ (2) select and ultimate future salary increase assumption or graded rate future
 170.39 salary increase assumption

170.40	plan	future salary increase assumption
170.41	general state employees retirement plan	select calculation and
170.42		assumption A
170.43		

171.1	correctional state employees retirement plan	assumption H
171.2	State Patrol retirement plan	assumption G
171.3	general public employees retirement plan	select calculation and
171.4		assumption B
171.5	public employees police and fire fund retirement plan	assumption C
171.6	local government correctional service retirement plan	assumption G
171.7	teachers retirement plan	assumption D
171.8	Duluth teachers retirement plan	assumption E
171.9	St. Paul teachers retirement plan	assumption F

171.10 The select calculation is: during the
 171.11 designated select period, a designated
 171.12 percentage rate is multiplied by the result of
 171.13 the designated integer minus T, where T is the
 171.14 number of completed years of service, and is
 171.15 added to the applicable future salary increase
 171.16 assumption. The designated select period is
 171.17 five years and the designated integer is five
 171.18 for the general state employees retirement
 171.19 plan and the general public employees
 171.20 retirement plan. The designated select period
 171.21 is ten years and the designated integer is ten
 171.22 for all other retirement plans covered by
 171.23 this clause. The designated percentage rate
 171.24 is: (1) 0.2 percent for the correctional state
 171.25 employees retirement plan, the State Patrol
 171.26 retirement plan, the public employees police
 171.27 and fire plan, and the local government
 171.28 correctional service plan; (2) 0.6 percent
 171.29 for the general state employees retirement
 171.30 plan and the general public employees
 171.31 retirement plan; and (3) 0.3 percent for the
 171.32 teachers retirement plan, the Duluth Teachers
 171.33 Retirement Fund Association, and the St.
 171.34 Paul Teachers Retirement Fund Association.
 171.35 The select calculation for the Duluth Teachers
 171.36 Retirement Fund Association is 8.00 percent
 171.37 per year for service years one through seven,

172.1 7.25 percent per year for service years seven
 172.2 and eight, and 6.50 percent per year for
 172.3 service years eight and nine.

172.4 The ultimate future salary increase assumption is:

172.5	age	A	B	C	D	E	F	G	H
172.6	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
172.7	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
172.8	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
172.9	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
172.10	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
172.11	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
172.12	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
172.13	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
172.14	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
172.15	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
172.16	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
172.17	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
172.18	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
172.19	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
172.20	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
172.21	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
172.22	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
172.23	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
172.24	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
172.25	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
172.26	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
172.27	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
172.28	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
172.29	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
172.30	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
172.31	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
172.32	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
172.33	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
172.34	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
172.35	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
172.36	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
172.37	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
172.38	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
172.39	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
172.40	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
172.41	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
172.42	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
172.43	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167

173.1	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
173.2	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
173.3	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
173.4	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
173.5	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
173.6	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
173.7	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
173.8	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
173.9	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
173.10	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
173.11	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
173.12	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
173.13	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
173.14	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
173.15	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
173.16	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
173.17	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
173.18	71	4.25	4.00		5.20				

173.19 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 173.20 payroll growth assumption for calculating the amortization requirement for the unfunded
 173.21 actuarial accrued liability where the amortization retirement is calculated as a level
 173.22 percentage of an increasing payroll:

173.23		payroll growth
173.24	plan	assumption
173.25	general state employees retirement plan	4.50%
173.26	correctional state employees retirement plan	4.50
173.27	State Patrol retirement plan	4.50
173.28	legislators retirement plan	4.50
173.29	judges retirement plan	4.00
173.30	general public employees retirement plan	4.50
173.31	public employees police and fire retirement plan	4.50
173.32	local government correctional service retirement	
173.33	plan	4.50
173.34	teachers retirement plan	4.50
173.35	Duluth teachers retirement plan	4.50
173.36	St. Paul teachers retirement plan	5.00

173.37 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 173.38 apply, unless a different salary assumption or a different payroll increase assumption:

173.39 (1) has been proposed by the governing board of the applicable retirement plan;

174.1 (2) is accompanied by the concurring recommendation of the actuary retained under
174.2 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
174.3 most recent actuarial valuation report if section 356.214 does not apply; and
174.4 (3) has been approved or deemed approved under subdivision 18.

174.5 Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
174.6 is amended to read:

174.7 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
174.8 the level normal cost, the actuarial valuation of the retirement plan must contain an
174.9 exhibit for financial reporting purposes indicating the additional annual contribution
174.10 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
174.11 for contribution determination purposes indicating the additional contribution sufficient
174.12 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
174.13 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
174.14 Retirement Association, the additional contribution must be calculated on a level
174.15 percentage of covered payroll basis by the established date for full funding in effect when
174.16 the valuation is prepared, assuming annual payroll growth at the applicable percentage
174.17 rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the
174.18 MERF division of the Public Employees Retirement Association, the additional annual
174.19 contribution must be calculated on a level annual dollar amount basis.

174.20 (b) For any retirement plan other than ~~the Minneapolis Employees Retirement Fund,~~
174.21 ~~the general employees a retirement plan of the Public Employees Retirement Association,~~
174.22 ~~and the St. Paul Teachers Retirement Fund Association~~ governed by paragraph (d), (e),
174.23 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used
174.24 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
174.25 governing annuities and benefits payable from the fund, a change in the actuarial cost
174.26 method used in calculating the actuarial accrued liability of all or a portion of the fund, or
174.27 a combination of the three, which change or changes by itself or by themselves without
174.28 inclusion of any other items of increase or decrease produce a net increase in the unfunded
174.29 actuarial accrued liability of the fund, the established date for full funding is the first
174.30 actuarial valuation date occurring after June 1, 2020.

174.31 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~
174.32 ~~Fund and the general employees retirement plan of the Public Employees Retirement~~
174.33 ~~Association~~, if there has been a change in any or all of the actuarial assumptions used
174.34 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
174.35 governing annuities and benefits payable from the fund, a change in the actuarial cost

175.1 method used in calculating the actuarial accrued liability of all or a portion of the fund,
175.2 or a combination of the three, and the change or changes, by itself or by themselves and
175.3 without inclusion of any other items of increase or decrease, produce a net increase in the
175.4 unfunded actuarial accrued liability in the fund, the established date for full funding must
175.5 be determined using the following procedure:

175.6 (i) the unfunded actuarial accrued liability of the fund must be determined in
175.7 accordance with the plan provisions governing annuities and retirement benefits and the
175.8 actuarial assumptions in effect before an applicable change;

175.9 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
175.10 needed to amortize the unfunded actuarial accrued liability amount determined under item
175.11 (i) by the established date for full funding in effect before the change must be calculated
175.12 using the interest assumption specified in subdivision 8 in effect before the change;

175.13 (iii) the unfunded actuarial accrued liability of the fund must be determined in
175.14 accordance with any new plan provisions governing annuities and benefits payable from
175.15 the fund and any new actuarial assumptions and the remaining plan provisions governing
175.16 annuities and benefits payable from the fund and actuarial assumptions in effect before
175.17 the change;

175.18 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
175.19 needed to amortize the difference between the unfunded actuarial accrued liability amount
175.20 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
175.21 under item (iii) over a period of 30 years from the end of the plan year in which the
175.22 applicable change is effective must be calculated using the applicable interest assumption
175.23 specified in subdivision 8 in effect after any applicable change;

175.24 (v) the level annual dollar or level percentage amortization contribution under item
175.25 (iv) must be added to the level annual dollar amortization contribution or level percentage
175.26 calculated under item (ii);

175.27 (vi) the period in which the unfunded actuarial accrued liability amount determined
175.28 in item (iii) is amortized by the total level annual dollar or level percentage amortization
175.29 contribution computed under item (v) must be calculated using the interest assumption
175.30 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
175.31 integral number of years, but not to exceed 30 years from the end of the plan year in
175.32 which the determination of the established date for full funding using the procedure set
175.33 forth in this clause is made and not to be less than the period of years beginning in the
175.34 plan year in which the determination of the established date for full funding using the
175.35 procedure set forth in this clause is made and ending by the date for full funding in effect
175.36 before the change; and

176.1 (vii) the period determined under item (vi) must be added to the date as of which
176.2 the actuarial valuation was prepared and the date obtained is the new established date
176.3 for full funding.

176.4 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
176.5 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
176.6 2031.

176.7 (e) For the general employees retirement plan of the Public Employees Retirement
176.8 Association, the established date for full funding is June 30, 2031.

176.9 (f) For the Teachers Retirement Association, the established date for full funding is
176.10 June 30, 2037.

176.11 (g) For the correctional state employees retirement plan of the Minnesota State
176.12 Retirement System, the established date for full funding is June 30, 2038.

176.13 (h) For the judges retirement plan, the established date for full funding is June
176.14 30, 2038.

176.15 (i) For the public employees police and fire retirement plan, the established date
176.16 for full funding is June 30, 2038.

176.17 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
176.18 full funding is June 30 of the 25th year from the valuation date. In addition to other
176.19 requirements of this chapter, the annual actuarial valuation ~~shall~~ must contain an exhibit
176.20 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
176.21 comparing liabilities to the market value of the assets of the fund as of the close of the
176.22 most recent fiscal year.

176.23 (k) For the retirement plans for which the annual actuarial valuation indicates an
176.24 excess of valuation assets over the actuarial accrued liability, the valuation assets in
176.25 excess of the actuarial accrued liability must be recognized as a reduction in the current
176.26 contribution requirements by an amount equal to the amortization of the excess expressed
176.27 as a level percentage of pay over a 30-year period beginning anew with each annual
176.28 actuarial valuation of the plan.

176.29 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

176.30 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph
176.31 (c), the state shall pay to the MERF division account of the Public Employees Retirement
176.32 Association with respect to the former Minneapolis Employees Retirement Fund annually
176.33 an amount equal to the amount calculated under paragraph (b).

176.34 (b) The payment amount is an amount equal to the financial requirements of the
176.35 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees

177.1 Retirement Association reported in the actuarial valuation of the fund general employees
 177.2 retirement plan of the Public Employees Retirement Association prepared by the actuary
 177.3 retained under section 356.214 consistent with section 356.215 for the most recent year
 177.4 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
 177.5 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section
 177.6 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
 177.7 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)
 177.8 and (d). Payments ~~shall~~ must be made September 15 annually.

177.9 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
 177.10 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
 177.11 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
 177.12 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
 177.13 356.43, plus \$13,750,000 on September 15, 2011, \$13,750,000 on September 15, 2012,
 177.14 and \$15,000,000 on September 15, 2013, and annually thereafter.

177.15 (d) Annually and after June 30, 2012, if the amount determined under paragraph
 177.16 (b) exceeds ~~\$9,000,000~~ the applicable maximum amount specified in paragraph (c),
 177.17 the excess must be allocated to and paid to the fund by the employers identified in
 177.18 Minnesota Statutes 2008, section 422A.101, subdivisions 1a ~~and, 2, other than units of~~
 177.19 ~~metropolitan government~~ and 2a. Each employer's share of the excess is proportionate
 177.20 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
 177.21 the annual actuarial valuation prepared by the actuary retained under section 356.214
 177.22 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
 177.23 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
 177.24 1a and 2, other than units of metropolitan government. Payments must be made ~~in equal~~
 177.25 installments as set forth in paragraph (b).

177.26 (e) State contributions under this section end on September 15, 2031, or on
 177.27 September 1 following the first date on which the current assets of the MERF division
 177.28 of the Public Employees Retirement Association equal or exceed the actuarial accrued
 177.29 liability of the MERF division of the Public Employees Retirement Association,
 177.30 whichever occurs earlier.

177.31 Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

177.32 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
 177.33 **ASSOCIATION.**

177.34 Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person
 177.35 whose employment by, or assumption of a position as an appointed or elected officer

178.1 of, the city of Minneapolis, any of the boards, departments, or commissions operated
178.2 as a department of the city of Minneapolis or independently if financed in whole or in
178.3 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
178.4 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
178.5 the person is not a member of the ~~Minneapolis Teachers Retirement Fund Association~~
178.6 by virtue of that employment or position, initially commences on or after July 1, 1979
178.7 ~~shall be~~, is a member of the general employees retirement plan of the Public Employees
178.8 Retirement Association unless excluded from membership pursuant to under section
178.9 353.01, subdivision 2b. In no event shall there be any new members of the contributing
178.10 class of the Minneapolis employees fund on or after July 1, 1979.

178.11 Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION**

178.12 **ASSUMPTIONS.**

178.13 The approved actuary retained by the Minneapolis Employees Retirement Fund shall
178.14 compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of
178.15 the general employees retirement plan of the Public Employees Retirement Association
178.16 with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the
178.17 Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend
178.18 to the approved actuary retained by the Public Employees Retirement Association and to
178.19 the Legislative Commission on Pensions and Retirement the actuarial assumptions that
178.20 the actuary believes would be appropriate for the MERF division portion of the actuarial
178.21 valuation of the general employees retirement plan of the Public Employees Retirement
178.22 Association. Any actuarial assumption changes related to the MERF division must be
178.23 approved under Minnesota Statutes, section 356.215, subdivision 18.

178.24 Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

178.25 (a) The administrative consolidation of the former Minneapolis Employees
178.26 Retirement Fund into the general employees retirement plan of the Public Employees
178.27 Retirement Association and the merger of the MERF division of the Public Employees
178.28 Retirement Association into the general employees retirement plan of the Public
178.29 Employees Retirement Association does not affect the function of the Minneapolis
178.30 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
178.31 of the retirement coverage for former members of the former Minneapolis Employees
178.32 Retirement Fund.

179.1 (b) Nothing in this article entitles the Minneapolis Municipal Retirement Association
179.2 to receive any revenue derived from taxes or obligates the Public Employees Retirement
179.3 Association to undertake any special duties with respect to the corporation.

179.4 Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

179.5 (a) Unless the employee elects the severance pay option under paragraph (c),
179.6 full-time employees of the Minneapolis Employees Retirement Fund first employed
179.7 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
179.8 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
179.9 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
179.10 official of the city of Minneapolis shall place the transferred employee in an appropriate
179.11 employment position based on the employee's education and employment experience.
179.12 Transferred employees must have their accumulated, but unused, vacation and sick leave
179.13 balances as of June 30, 2010, posted to the individual accounts with the new employer.
179.14 The transferred employees must receive length of service credit for time served with the
179.15 Minneapolis Employees Retirement Fund. The transferred employee must be given the
179.16 opportunity as of the date of transfer to be covered for all health and other insurance
179.17 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
179.18 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
179.19 present value of any accumulated unused vacation or sick leave balances as of the date
179.20 of transfer.

179.21 (b) Unless the employee elects the severance pay option under paragraph (c),
179.22 full-time employees of the Minneapolis Employees Retirement Fund first employed before
179.23 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
179.24 on June 29, 2010, with the employment title of accounting manager or accountant II are
179.25 transferred to employment by the Public Employees Retirement Association on July 1,
179.26 2010. The chief human relations official of the Public Employees Retirement Association
179.27 shall place the transferred employee in an appropriate employment position based on the
179.28 employee's education and employment experience. Transferred employees must have
179.29 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
179.30 posted to the individual accounts with the new employer. The transferred employees
179.31 must receive length of service credit for time served with the Minneapolis Employees
179.32 Retirement Fund. The transferred employee must be given the opportunity as of the
179.33 date of transfer to be covered for all health and other insurance benefits offered by the
179.34 new employer. Upon the transfer of the employee, the executive director of the Public
179.35 Employees Retirement Association shall deduct from any assets transferred under section

180.1 353.50 an amount equal to the present value of any accumulated unused vacation or sick
180.2 leave balances as of the date of transfer.

180.3 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
180.4 new employer unit is granted severance pay in an amount equivalent to one year of salary
180.5 based on the last annual salary rate received by the employee. The election must be
180.6 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
180.7 Minneapolis Employees Retirement Fund on June 30, 2010.

180.8 Sec. 26. **REVISOR'S INSTRUCTION.**

180.9 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
180.10 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
180.11 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota
180.12 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
180.13 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

180.14 Sec. 27. **REPEALER.**

180.15 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
180.16 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
180.17 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
180.18 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
180.19 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
180.20 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
180.21 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;
180.22 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
180.23 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

180.24 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
180.25 422A.08, subdivision 5, are repealed.

180.26 Sec. 28. **EFFECTIVE DATE.**

180.27 Sections 1 to 27 are effective June 30, 2010.

180.28 **ARTICLE 12**

180.29 **CONFORMING CHANGES RELATED TO THE MERF**
180.30 **ADMINISTRATIVE CONSOLIDATION**

180.31 Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

180.32 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

181.1 Whenever a public accountant in the course of auditing the books and affairs of a
181.2 political subdivision or a local public pension plan governed by section 69.77, sections
181.3 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence
181.4 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
181.5 employee in the conduct of duties and affairs, the public accountant shall promptly make
181.6 a report of such discovery to the state auditor and the county attorney of the county in
181.7 which the governmental unit is situated and the public accountant shall also furnish a
181.8 copy of the report of audit upon completion to said officers. The county attorney shall
181.9 act on such report in the same manner as required by law for reports made to the county
181.10 attorney by the state auditor.

181.11 Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

181.12 Subd. 4. **Covered retirement funds and plans.** The provisions of this section ~~shall~~
181.13 apply to the following retirement funds and plans:

- 181.14 (1) Board of Trustees of the Minnesota State Colleges and Universities supplemental
181.15 retirement plan established under chapter 354C;
- 181.16 (2) state employees retirement fund established pursuant to chapter 352;
- 181.17 (3) correctional employees retirement plan established pursuant to chapter 352;
- 181.18 (4) State Patrol retirement fund established pursuant to chapter 352B;
- 181.19 (5) unclassified employees retirement plan established pursuant to chapter 352D;
- 181.20 (6) ~~public~~ general employees retirement fund established pursuant to chapter 353;
- 181.21 (7) public employees police and fire fund established pursuant to chapter 353;
- 181.22 (8) teachers' retirement fund established pursuant to chapter 354;
- 181.23 (9) judges' retirement fund established pursuant to chapter 490; and
- 181.24 (10) any other funds required by law to be invested by the board.

181.25 Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

181.26 Subdivision 1. **In executive branch, local government.** All meetings, including
181.27 executive sessions, must be open to the public

181.28 (a) of a state

181.29 (1) agency,

181.30 (2) board,

181.31 (3) commission, or

181.32 (4) department,

181.33 when required or permitted by law to transact public business in a meeting;

181.34 (b) of the governing body of a

- 182.1 (1) school district however organized,
- 182.2 (2) unorganized territory,
- 182.3 (3) county,
- 182.4 (4) statutory or home rule charter city,
- 182.5 (5) town, or
- 182.6 (6) other public body;
- 182.7 (c) of any
- 182.8 (1) committee,
- 182.9 (2) subcommittee,
- 182.10 (3) board,
- 182.11 (4) department, or
- 182.12 (5) commission,
- 182.13 of a public body; and
- 182.14 (d) of the governing body or a committee of:
- 182.15 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or
- 182.16 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,
- 182.17 or chapter 354A, ~~422A~~, or 423B.

182.18 Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

182.19 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
182.20 all other forms of compensation of a person employed by a political subdivision of this
182.21 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
182.22 percent of the salary of the governor as set under section 15A.082, except as provided
182.23 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
182.24 includes a statutory or home rule charter city, county, town, metropolitan or regional
182.25 agency, or other political subdivision, but does not include a hospital, clinic, or health
182.26 maintenance organization owned by such a governmental unit.

182.27 (b) Beginning in 2006, the limit in paragraph (a) ~~shall~~ must be adjusted annually in
182.28 January. The limit ~~shall~~ must equal the limit for the prior year increased by the percentage
182.29 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
182.30 second prior year to October of the immediately prior year.

182.31 (c) Deferred compensation and payroll allocations to purchase an individual annuity
182.32 contract for an employee are included in determining the employee's salary. Other forms of
182.33 compensation which ~~shall~~ must be included to determine an employee's total compensation
182.34 are all other direct and indirect items of compensation which are not specifically excluded

183.1 by this subdivision. Other forms of compensation which ~~shall~~ must not be included in a
183.2 determination of an employee's total compensation for the purposes of this subdivision are:

183.3 (1) employee benefits that are also provided for the majority of all other full-time
183.4 employees of the political subdivision, vacation and sick leave allowances, health and
183.5 dental insurance, disability insurance, term life insurance, and pension benefits or like
183.6 benefits the cost of which is borne by the employee or which is not subject to tax as
183.7 income under the Internal Revenue Code of 1986;

183.8 (2) dues paid to organizations that are of a civic, professional, educational, or
183.9 governmental nature; and

183.10 (3) reimbursement for actual expenses incurred by the employee which the
183.11 governing body determines to be directly related to the performance of job responsibilities,
183.12 including any relocation expenses paid during the initial year of employment.

183.13 The value of other forms of compensation ~~shall be~~ is the annual cost to the political
183.14 subdivision for the provision of the compensation.

183.15 (d) The salary of a medical doctor or doctor of osteopathy occupying a position that
183.16 the governing body of the political subdivision has determined requires an M.D. or D.O.
183.17 degree is excluded from the limitation in this subdivision.

183.18 (e) The commissioner may increase the limitation in this subdivision for a position
183.19 that the commissioner has determined requires special expertise necessitating a higher
183.20 salary to attract or retain a qualified person. The commissioner shall review each proposed
183.21 increase giving due consideration to salary rates paid to other persons with similar
183.22 responsibilities in the state and nation. The commissioner may not increase the limitation
183.23 until the commissioner has presented the proposed increase to the Legislative Coordinating
183.24 Commission and received the commission's recommendation on it. The recommendation
183.25 is advisory only. If the commission does not give its recommendation on a proposed
183.26 increase within 30 days from its receipt of the proposal, the commission is deemed to have
183.27 made no recommendation. If the commissioner grants or granted an increase under this
183.28 paragraph, the new limitation ~~shall~~ must be adjusted beginning in August 2005 and in each
183.29 subsequent calendar year in January by the percentage increase equal to the percentage
183.30 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
183.31 second prior year to October of the immediately prior year.

183.32 Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

183.33 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
183.34 participating in the program who is receiving a public pension disability benefit or an
183.35 annuity or has met the age and service requirements necessary to receive an annuity under

184.1 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
184.2 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
184.3 the program. This participation is at the person's expense unless a collective bargaining
184.4 agreement or personnel policy provides otherwise. Premiums for these participants must
184.5 be established by the commissioner.

184.6 The commissioner may provide policy exclusions for preexisting conditions
184.7 only when there is a break in coverage between a participant's coverage under the
184.8 employment-based group insurance program and the participant's coverage under this
184.9 section. An employer shall notify an employee of the option to participate under this
184.10 paragraph no later than the effective date of retirement. The retired employee or the
184.11 employer of a participating group on behalf of a current or retired employee shall notify
184.12 the commissioner within 30 days of the effective date of retirement of intent to participate
184.13 in the program according to the rules established by the commissioner.

184.14 (b) The spouse of a deceased employee or former employee may purchase the
184.15 benefits provided at premiums established by the commissioner if the spouse was a
184.16 dependent under the employee's or former employee's coverage under this section at the
184.17 time of the death. The spouse remains eligible to participate in the program as long as
184.18 the group that included the deceased employee or former employee participates in the
184.19 program. Coverage under this clause must be coordinated with relevant insurance benefits
184.20 provided through the federally sponsored Medicare program.

184.21 (c) The program benefits must continue in the event of strike permitted by section
184.22 179A.18, if the exclusive representative chooses to have coverage continue and the
184.23 employee pays the total monthly premiums when due.

184.24 (d) A participant who discontinues coverage may not reenroll.

184.25 Persons participating under these paragraphs shall make appropriate premium
184.26 payments in the time and manner established by the commissioner.

184.27 Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is
184.28 amended to read:

184.29 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
184.30 a different meaning is intended, the following words and terms, for the purposes of this
184.31 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

184.32 (a) "Commissioner" means the commissioner of revenue.

184.33 (b) "Municipality" means:

184.34 (1) a home rule charter or statutory city;

184.35 (2) an organized town;

185.1 (3) a park district subject to chapter 398;

185.2 (4) the University of Minnesota;

185.3 (5) for purposes of the fire state aid program only, an American Indian tribal
185.4 government entity located within a federally recognized American Indian reservation;

185.5 (6) for purposes of the police state aid program only, an American Indian tribal
185.6 government with a tribal police department which exercises state arrest powers under
185.7 section 626.90, 626.91, 626.92, or 626.93;

185.8 (7) for purposes of the police state aid program only, the Metropolitan Airports
185.9 Commission ~~with respect to peace officers covered under chapter 422A~~; and

185.10 (8) for purposes of the police state aid program only, the Department of Natural
185.11 Resources and the Department of Public Safety with respect to peace officers covered
185.12 under chapter 352B.

185.13 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
185.14 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
185.15 leakage and extended coverage premiums received upon risks located or to be performed
185.16 in this state less return premiums and dividends.

185.17 (d) "Firetown" means the area serviced by any municipality having a qualified fire
185.18 department or a qualified incorporated fire department having a subsidiary volunteer
185.19 firefighters' relief association.

185.20 (e) "Market value" means latest available market value of all property in a taxing
185.21 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
185.22 taxation obtained from information which appears on abstracts filed with the commissioner
185.23 of revenue or equalized by the State Board of Equalization.

185.24 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
185.25 commissioner for reporting by each fire and casualty insurer of all premiums received
185.26 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
185.27 during the preceding calendar year, with reference to insurance written for insuring against
185.28 the perils contained in auto insurance coverages as reported in the Minnesota business
185.29 schedule of the annual financial statement which each insurer is required to file with
185.30 the commissioner in accordance with the governing laws or rules less return premiums
185.31 and dividends.

185.32 (g) "Peace officer" means any person:

185.33 (1) whose primary source of income derived from wages is from direct employment
185.34 by a municipality or county as a law enforcement officer on a full-time basis of not less
185.35 than 30 hours per week;

186.1 (2) who has been employed for a minimum of six months prior to December 31
186.2 preceding the date of the current year's certification under subdivision 2, clause (b);

186.3 (3) who is sworn to enforce the general criminal laws of the state and local
186.4 ordinances;

186.5 (4) who is licensed by the Peace Officers Standards and Training Board and is
186.6 authorized to arrest with a warrant; and

186.7 (5) who is a member of a ~~local police relief association to which section 69.77~~
186.8 ~~applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the
186.9 public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund.~~

186.10 (h) "Full-time equivalent number of peace officers providing contract service" means
186.11 the integral or fractional number of peace officers which would be necessary to provide
186.12 the contract service if all peace officers providing service were employed on a full-time
186.13 basis as defined by the employing unit and the municipality receiving the contract service.

186.14 (i) "Retirement benefits other than a service pension" means any disbursement
186.15 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

186.16 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
186.17 who was elected or appointed to the specified position or, in the absence of the person,
186.18 another person who is designated by the applicable governing body. In a park district,
186.19 the clerk is the secretary of the board of park district commissioners. In the case of the
186.20 University of Minnesota, the clerk is that official designated by the Board of Regents.
186.21 For the Metropolitan Airports Commission, the clerk is the person designated by the
186.22 commission. For the Department of Natural Resources or the Department of Public Safety,
186.23 the clerk is the respective commissioner. For a tribal police department which exercises
186.24 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
186.25 designated by the applicable American Indian tribal government.

186.26 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
186.27 retirement plan established by chapter 353G.

186.28 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

186.29 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
186.30 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
186.31 (b), 6, and 7a, for eligible employer units by any excess police state aid.

186.32 (b) "Excess police state aid" is:

186.33 (1) for counties and for municipalities in which police retirement coverage is
186.34 provided wholly by the public employees police and fire fund and all police officers are
186.35 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the

187.1 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
187.2 the executive director of the Public Employees Retirement Association;

187.3 (2) for municipalities in which police retirement coverage is provided in part by the
187.4 public employees police and fire fund governed by sections 353.63 to 353.657 and in
187.5 part by a local police consolidation account governed by chapter 353A, and established
187.6 before March 2, 1999, for which the municipality declined merger under section 353.665,
187.7 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
187.8 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
187.9 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
187.10 paragraphs (a) and (b), as certified by the executive director of the Public Employees
187.11 Retirement Association;

187.12 (3) for municipalities in which police retirement coverage is provided by the public
187.13 employees police and fire plan governed by sections 353.63 to 353.657, in which police
187.14 retirement coverage was provided by a police consolidation account under chapter
187.15 353A before July 1, 1999, and for which the municipality has an additional municipal
187.16 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
187.17 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
187.18 amount of any additional municipal contribution under section 353.665, subdivision 8,
187.19 paragraph (b), until the year 2010, as certified by the executive director of the Public
187.20 Employees Retirement Association;

187.21 (4) for municipalities in which police retirement coverage is provided in part by the
187.22 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
187.23 by a local police relief association governed by sections 69.77 and 423A.01, the amount
187.24 in excess of the employer's total prior calendar year obligation as defined in paragraph
187.25 (c), as certified by the executive director of the public employees retirement association,
187.26 plus the amount of the financial requirements of the relief association certified to the
187.27 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
187.28 and 5, reduced by the amount of member contributions deducted from the covered salary
187.29 of the relief association during the prior calendar year under section 69.77, subdivision 3,
187.30 as certified by the chief administrative officer of the applicable municipality;

187.31 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
187.32 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
187.33 ~~Fund remaining,~~ the amount in excess of the commission's total prior calendar year
187.34 obligation as defined in paragraph (c), as certified by the executive director of the Public
187.35 Employees Retirement Association, ~~plus the amount determined by expressing the~~
187.36 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~

188.1 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
 188.2 ~~the commission's total prior calendar year covered payroll for commission employees~~
 188.3 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
 188.4 ~~to the commission's total prior calendar year covered payroll for commission police~~
 188.5 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
 188.6 ~~administrative officer of the Metropolitan Airports Commission; and~~

188.7 (6) for the Department of Natural Resources and for the Department of Public
 188.8 Safety, the amount in excess of the employer's total prior calendar year obligation under
 188.9 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 188.10 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 188.11 State Retirement System.

188.12 (c) The employer's total prior calendar year obligation with respect to the public
 188.13 employees police and fire plan is the total prior calendar year obligation under section
 188.14 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
 188.15 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
 188.16 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
 188.17 firefighters the applicable following amounts:

188.18	Municipality	Maximum Amount
188.19	Albert Lea	\$54,157.01
188.20	Anoka	10,399.31
188.21	Apple Valley	5,442.44
188.22	Austin	49,864.73
188.23	Bemidji	27,671.38
188.24	Brooklyn Center	6,605.92
188.25	Brooklyn Park	24,002.26
188.26	Burnsville	15,956.00
188.27	Cloquet	4,260.49
188.28	Coon Rapids	39,920.00
188.29	Cottage Grove	8,588.48
188.30	Crystal	5,855.00
188.31	East Grand Forks	51,009.88
188.32	Edina	32,251.00
188.33	Elk River	5,216.55
188.34	Ely	13,584.16
188.35	Eveleth	16,288.27
188.36	Fergus Falls	6,742.00
188.37	Fridley	33,420.64
188.38	Golden Valley	11,744.61
188.39	Hastings	16,561.00

189.1	Hopkins	4,324.23
189.2	International Falls	14,400.69
189.3	Lakeville	782.35
189.4	Lino Lakes	5,324.00
189.5	Little Falls	7,889.41
189.6	Maple Grove	6,707.54
189.7	Maplewood	8,476.69
189.8	Minnnetonka	10,403.00
189.9	Montevideo	1,307.66
189.10	Moorhead	68,069.26
189.11	New Hope	6,739.72
189.12	North St. Paul	4,241.14
189.13	Northfield	770.63
189.14	Owatonna	37,292.67
189.15	Plymouth	6,754.71
189.16	Red Wing	3,504.01
189.17	Richfield	53,757.96
189.18	Rosemont <u>Rosemount</u>	1,712.55
189.19	Roseville	9,854.51
189.20	St. Anthony	33,055.00
189.21	St. Louis Park	53,643.11
189.22	Thief River Falls	28,365.04
189.23	Virginia	31,164.46
189.24	Waseca	11,135.17
189.25	West St. Paul	15,707.20
189.26	White Bear Lake	6,521.04
189.27	Woodbury	3,613.00
189.28	any other municipality	0.00

189.29 (d) The total amount of excess police state aid must be deposited in the excess
189.30 police state-aid account in the general fund, administered and distributed as provided
189.31 in subdivision 11.

189.32 Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is
189.33 amended to read:

189.34 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
189.35 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
189.36 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
189.37 state aid against future municipal contribution requirements under section 353G.08 and
189.38 shall notify the municipality or independent nonprofit firefighting corporation of the fire
189.39 state aid so credited at least annually. If the municipality or the independent nonprofit
189.40 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer

190.1 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
190.2 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
190.3 association if there is one organized and the association has filed a financial report with the
190.4 municipality. If the relief association has not filed a financial report with the municipality,
190.5 the municipal treasurer shall delay transmission of the fire state aid to the relief association
190.6 until the complete financial report is filed. If the municipality or independent nonprofit
190.7 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
190.8 firefighter retirement plan, if there is no relief association organized, or if the association
190.9 has dissolved or has been removed as trustees of state aid, then the treasurer of the
190.10 municipality shall deposit the money in the municipal treasury and the money may be
190.11 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
190.12 payment of the employer contribution requirement with respect to firefighters covered by
190.13 the public employees police and fire retirement plan under section 353.65, subdivision 3.

190.14 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
190.15 police state aid in the following manner:

190.16 (1) For a municipality in which a local police relief association exists and all peace
190.17 officers are members of the association, the total state aid must be transmitted to the
190.18 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
190.19 of the relief association shall immediately deposit the total state aid in the special fund
190.20 of the relief association;

190.21 (2) For a municipality in which police retirement coverage is provided by the public
190.22 employees police and fire fund and all peace officers are members of the fund, including
190.23 municipalities covered by section 353.665, the total state aid must be applied toward the
190.24 municipality's employer contribution to the public employees police and fire fund under
190.25 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

190.26 (3) For a municipality other than a city of the first class with a population of more
190.27 than 300,000 in which both a police relief association exists and police retirement
190.28 coverage is provided in part by the public employees police and fire fund, the municipality
190.29 may elect at its option to transmit the total state aid to the treasurer of the relief association
190.30 as provided in clause (1), to use the total state aid to apply toward the municipality's
190.31 employer contribution to the public employees police and fire fund subject to all the
190.32 provisions set forth in clause (2), or to allot the total state aid proportionately to be
190.33 transmitted to the police relief association as provided in this subdivision and to apply
190.34 toward the municipality's employer contribution to the public employees police and fire
190.35 fund subject to the provisions of clause (2) on the basis of the respective number of active
190.36 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

191.1 For a city of the first class with a population of more than 300,000, in addition, the
191.2 city may elect to allot the appropriate portion of the total police state aid to apply toward
191.3 the employer contribution of the city to the public employees police and fire fund based
191.4 on the covered salary of police officers covered by the fund each payroll period and to
191.5 transmit the balance to the police relief association; or

191.6 (4) For a municipality in which police retirement coverage is provided in part by
191.7 the public employees police and fire fund and in part by a local police consolidation
191.8 account governed by chapter 353A and established before March 2, 1999, for which the
191.9 municipality declined merger under section 353.665, subdivision 1, or established after
191.10 March 1, 1999, the total police state aid must be applied towards the municipality's total
191.11 employer contribution to the public employees police and fire fund and to the local police
191.12 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

191.13 (c) The county treasurer, upon receipt of the police state aid for the county, shall
191.14 apply the total state aid toward the county's employer contribution to the public employees
191.15 police and fire fund under section 353.65, subdivision 3.

191.16 (d) The designated Metropolitan Airports Commission official, upon receipt of the
191.17 police state aid for the Metropolitan Airports Commission, shall apply the total police
191.18 state aid ~~first~~ toward the commission's employer contribution for police officers to the
191.19 ~~Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if~~
191.20 ~~there is any amount of police state aid remaining, shall apply that remainder toward the~~
191.21 ~~commission's employer contribution for police officers to the public employees police and~~
191.22 ~~fire plan under section 353.65, subdivision 3.~~

191.23 (e) The police state aid apportioned to the Departments of Public Safety and Natural
191.24 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner
191.25 of management and budget for transfer to the funds and accounts from which the
191.26 salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid.
191.27 The commissioner of revenue shall certify to the commissioners of public safety,
191.28 natural resources, and management and budget the amounts to be transferred from the
191.29 appropriation for police state aid. The commissioners of public safety and natural
191.30 resources shall certify to the commissioner of management and budget the amounts to be
191.31 credited to each of the funds and accounts from which the peace officers employed by their
191.32 respective departments are paid. Each commissioner shall allocate the police state aid first
191.33 for employer contributions for employees funded from the general fund and then for
191.34 employer contributions for employees funded from other funds. For peace officers whose
191.35 salaries are paid from the general fund, the amounts transferred from the appropriation
191.36 for police state aid must be canceled to the general fund.

192.1 Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

192.2 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
192.3 this subdivision applies may levy an additional amount required for contributions to the
192.4 general employees retirement plan of the Public Employees Retirement Association as the
192.5 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
192.6 dollar amount limitation on state contributions to ~~the fund~~ that plan imposed under
192.7 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
192.8 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
192.9 director of the Public Employees Retirement Association as the district's share of the
192.10 contribution requirement in excess of the maximum state contribution under section
192.11 422A.101, subdivision 3.

192.12 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
192.13 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
192.14 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
192.15 section 1.

192.16 (c) If the employer retirement fund contributions under section 354A.12, subdivision
192.17 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
192.18 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
192.19 1994 or later an amount equal to the amount derived by applying the net increase in
192.20 the employer retirement fund contribution rate of the respective teacher retirement fund
192.21 association between fiscal year 1993 and the fiscal year beginning in the year after the
192.22 levy is certified to the total covered payroll of the applicable teacher retirement fund
192.23 association. If an applicable school district levies under this paragraph, they may not
192.24 levy under paragraph (b).

192.25 (d) In addition to the levy authorized under paragraph (c), Special School District
192.26 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
192.27 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
192.28 or later an amount equal to the state aid contribution under section 354A.12, subdivision
192.29 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
192.30 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

192.31 Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

192.32 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
192.33 **EMPLOYEES.**

192.34 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
192.35 who is transferred to and employed by the county under the provisions of section 256D.20

193.1 and who is a contributing member of a retirement system organized under the provisions
193.2 of Minnesota Statutes 2008, chapter 422A, ~~shall continue to be~~ is a member of that system
193.3 the MERF division of the Public Employees Retirement Association and is entitled to all
193.4 of the applicable benefits conferred thereby by and subject to all the restrictions of ~~chapter~~
193.5 ~~422A, unless the member applies to cancel membership within six months after January~~
193.6 ~~1, 1974~~ section 353.50.

193.7 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
193.8 allowances or other benefits accrued while any such employee was in the service of the
193.9 city of Minneapolis ~~shall~~ must remain an obligation of the city and a tax ~~shall~~ must be
193.10 levied and collected by it to discharge its obligation as provided ~~by chapter 422A in~~
193.11 section 353.50, subdivision 7.

193.12 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
193.13 or other benefits accruing to employees so transferred to and employed by the county
193.14 ~~shall be~~ is the obligation of and paid by the county ~~at such time as the retirement board~~
193.15 ~~shall fix and determine in accordance with chapter 422A in~~ section 353.50, subdivision
193.16 7. The county shall pay to the ~~municipal~~ general employees retirement fund ~~an amount~~
193.17 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
193.18 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
193.19 the Public Employees Retirement Association those amounts. The cost to the public of
193.20 the retirement allowances ~~as herein provided shall~~ coverage under this section must be
193.21 paid from the county revenue fund by the county auditor ~~upon receipt of certification from~~
193.22 ~~the retirement board as herein provided~~, and the county board is authorized to levy and
193.23 collect such taxes as may be necessary to pay such costs.

193.24 Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
193.25 amended to read:

193.26 Subd. 2b. **Excluded employees.** "State employee" does not include:

193.27 (1) students employed by the University of Minnesota, or the state colleges and
193.28 universities, unless approved for coverage by the Board of Regents of the University of
193.29 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
193.30 whichever is applicable;

193.31 (2) employees who are eligible for membership in the state Teachers Retirement
193.32 Association, except employees of the Department of Education who have chosen or may
193.33 choose to be covered by the general state employees retirement plan of the Minnesota
193.34 State Retirement System instead of the Teachers Retirement Association;

- 194.1 (3) employees of the University of Minnesota who are excluded from coverage by
194.2 action of the Board of Regents;
- 194.3 (4) officers and enlisted personnel in the National Guard and the naval militia who
194.4 are assigned to permanent peacetime duty and who under federal law are or are required to
194.5 be members of a federal retirement system;
- 194.6 (5) election officers;
- 194.7 (6) persons who are engaged in public work for the state but who are employed
194.8 by contractors when the performance of the contract is authorized by the legislature or
194.9 other competent authority;
- 194.10 (7) officers and employees of the senate, or of the house of representatives, or of a
194.11 legislative committee or commission who are temporarily employed;
- 194.12 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
194.13 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
194.14 employed by the Department of Labor and Industry;
- 194.15 (9) patient and inmate help in state charitable, penal, and correctional institutions
194.16 including the Minnesota Veterans Home;
- 194.17 (10) persons who are employed for professional services where the service is
194.18 incidental to their regular professional duties and whose compensation is paid on a per
194.19 diem basis;
- 194.20 (11) employees of the Sibley House Association;
- 194.21 (12) the members of any state board or commission who serve the state intermittently
194.22 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
194.23 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
194.24 from serving more than three years; and the board of managers of the State Agricultural
194.25 Society and its treasurer unless the treasurer is also its full-time secretary;
- 194.26 (13) state troopers and persons who are described in section 352B.011, subdivision
194.27 10, clauses (2) to (8);
- 194.28 (14) temporary employees of the Minnesota State Fair who are employed on or
194.29 after July 1 for a period not to extend beyond October 15 of that year; and persons who
194.30 are employed at any time by the state fair administration for special events held on the
194.31 fairgrounds;
- 194.32 (15) emergency employees who are in the classified service; except that if an
194.33 emergency employee, within the same pay period, becomes a provisional or probationary
194.34 employee on other than a temporary basis, the employee must be considered a "state
194.35 employee" retroactively to the beginning of the pay period;

195.1 (16) temporary employees in the classified service, and temporary employees in the
195.2 unclassified service who are appointed for a definite period of not more than six months
195.3 and who are employed less than six months in any one-year period;

195.4 (17) interns hired for six months or less and trainee employees, except those listed in
195.5 subdivision 2a, clause (8);

195.6 (18) persons whose compensation is paid on a fee basis or as an independent
195.7 contractor;

195.8 (19) state employees who are employed by the Board of Trustees of the Minnesota
195.9 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
195.10 subdivision 1, clause (9);

195.11 (20) state employees who in any year have credit for 12 months service as teachers
195.12 in the public schools of the state and as teachers are members of the Teachers Retirement
195.13 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
195.14 incidental employment as a state employee that is not covered by one of the teacher
195.15 retirement associations or systems;

195.16 (21) employees of the adjutant general who are employed on an unlimited
195.17 intermittent or temporary basis in the classified or unclassified service for the support of
195.18 Army and Air National Guard training facilities;

195.19 (22) chaplains and nuns who are excluded from coverage under the federal Old
195.20 Age, Survivors, Disability, and Health Insurance Program for the performance of service
195.21 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
195.22 irrevocable election of coverage has been made under section 3121(r) of the Internal
195.23 Revenue Code of 1986, as amended through December 31, 1992;

195.24 (23) examination monitors who are employed by departments, agencies,
195.25 commissions, and boards to conduct examinations required by law;

195.26 (24) persons who are appointed to serve as members of fact-finding commissions or
195.27 adjustment panels, arbitrators, or labor referees under chapter 179;

195.28 (25) temporary employees who are employed for limited periods under any state or
195.29 federal program for training or rehabilitation, including persons who are employed for
195.30 limited periods from areas of economic distress, but not including skilled and supervisory
195.31 personnel and persons having civil service status covered by the system;

195.32 (26) full-time students who are employed by the Minnesota Historical Society
195.33 intermittently during part of the year and full-time during the summer months;

195.34 (27) temporary employees who are appointed for not more than six months, of
195.35 the Metropolitan Council and of any of its statutory boards, if the board members are
195.36 appointed by the Metropolitan Council;

196.1 (28) persons who are employed in positions designated by the Department of
196.2 Management and Budget as student workers;

196.3 (29) members of trades who are employed by the successor to the Metropolitan
196.4 Waste Control Commission, who have trade union pension plan coverage under a
196.5 collective bargaining agreement, and who are first employed after June 1, 1977;

196.6 (30) off-duty peace officers while employed by the Metropolitan Council;

196.7 (31) persons who are employed as full-time police officers by the Metropolitan
196.8 Council and as police officers are members of the public employees police and fire fund;

196.9 (32) persons who are employed as full-time firefighters by the Department of Military
196.10 Affairs and as firefighters are members of the public employees police and fire fund;

196.11 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
196.12 valid for less than three years of employment, unless notice of extension is supplied which
196.13 allows them to work for three or more years as of the date the extension is granted, in
196.14 which case they are eligible for coverage from the date extended; and

196.15 (34) persons who are employed by the Board of Trustees of the Minnesota State
196.16 Colleges and Universities and who elected to remain members of the Public Employees
196.17 Retirement Association or of the MERF division of the Public Employees Retirement
196.18 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
196.19 applies, under Minnesota Statutes 1994, section 136C.75.

196.20 Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

196.21 Subdivision 1. **Management; composition; election.** (a) The management of
196.22 the Public Employees Retirement ~~fund~~ Association is vested in an 11-member board of
196.23 trustees consisting of ten members and the state auditor. The state auditor may designate
196.24 a deputy auditor with expertise in pension matters as the auditor's representative on the
196.25 board. The governor shall appoint five trustees to four-year terms, one of whom shall be
196.26 designated to represent school boards, one to represent cities, one to represent counties,
196.27 one who is a retired annuitant, and one who is a public member knowledgeable in pension
196.28 matters. The membership of the association, including recipients of retirement annuities
196.29 and disability and survivor benefits, shall elect five trustees for terms of four years, one of
196.30 whom must be a member of the police and fire fund and one of whom must be a former
196.31 member who met the definition of public employee under section 353.01, subdivisions 2
196.32 and 2a, for at least five years prior to terminating membership or a member who receives
196.33 a disability benefit. Terms expire on January 31 of the fourth year, and positions are
196.34 vacant until newly elected members are seated. Except as provided in this subdivision,

197.1 trustees elected by the membership of the association must be public employees and
197.2 members of the association.

197.3 (b) For seven days beginning October 1 of each year preceding a year in which
197.4 an election is held, the association shall accept at its office filings in person or by mail
197.5 of candidates for the board of trustees. A candidate shall submit at the time of filing a
197.6 nominating petition signed by 25 or more members of the association. No name may
197.7 be withdrawn from nomination by the nominee after October 15. At the request of a
197.8 candidate for an elected position on the board of trustees, the board shall mail a statement
197.9 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
197.10 of the candidate. The board may adopt policies, subject to review and approval by the
197.11 secretary of state under paragraph (e), to govern the form and length of these statements,
197.12 timing of mailings, and deadlines for submitting materials to be mailed. The secretary
197.13 of state shall resolve disputes between the board and a candidate concerning application
197.14 of these policies to a particular statement.

197.15 (c) By January 10 of each year in which elections are to be held, the board shall
197.16 distribute by mail to the members ballots listing the candidates. No member may vote for
197.17 more than one candidate for each board position to be filled. A ballot indicating a vote for
197.18 more than one person for any position is void. No special marking may be used on the
197.19 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
197.20 later than January 31. The ballot envelopes must be so designated and the ballots must be
197.21 counted in a manner that ensures that each vote is secret.

197.22 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
197.23 or has given implicit or explicit consent for any other person to receive contributions or
197.24 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
197.25 election, shall file a report with the campaign finance and public disclosure board
197.26 disclosing the source and amount of all contributions to the candidate's campaign. The
197.27 campaign finance and public disclosure board shall prescribe forms governing these
197.28 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
197.29 These terms do not include the mailing made by the association board on behalf of the
197.30 candidate. A candidate shall file a report within 30 days from the day that the results of
197.31 the election are announced. The Campaign Finance and Public Disclosure Board shall
197.32 maintain these reports and make them available for public inspection in the same manner
197.33 as the board maintains and makes available other reports filed with it.

197.34 (e) The secretary of state shall review and approve the procedures defined by the
197.35 board of trustees for conducting the elections specified in this subdivision, including
197.36 board policies adopted under paragraph (b).

198.1 (f) The board of trustees and the executive director shall undertake their activities
198.2 consistent with chapter 356A.

198.3 Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

198.4 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
198.5 Public Employees Retirement ~~fund~~ Association and who is a member of any public
198.6 retirement system referred to in subdivision 1, may repay such refund to the Public
198.7 Employees Retirement ~~fund~~ Association as provided in section 353.35.

198.8 Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

198.9 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
198.10 in section 353.01, subdivision 35, who are or become members of and participants in
198.11 the ~~public general~~ employees retirement fund or the public employees police and fire
198.12 fund before July 1, 2002, and make contributions to either of those funds based on
198.13 compensation for service other than volunteer ambulance service may elect to participate
198.14 in that same fund with respect to compensation received for volunteer ambulance service,
198.15 provided that the volunteer ambulance service is not credited to another public or private
198.16 pension plan including the public employees retirement plan established by chapter
198.17 353D and provided further that the volunteer ambulance service is rendered for the same
198.18 governmental unit for which the nonvolunteer ambulance service is rendered.

198.19 Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

198.20 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
198.21 1 applies may exercise the election authorized under subdivision 1 within the earlier of
198.22 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or
198.23 the one-year period commencing on the first day of the first month following the start of
198.24 employment in a position covered by the ~~public general~~ employees retirement fund or the
198.25 public employees police and fire fund. The election must be exercised by filing a written
198.26 notice on a form prescribed by the executive director of the association.

198.27 Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

198.28 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
198.29 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
198.30 a member of, and a participant in, the ~~public general~~ employees retirement fund or the
198.31 public employees police and fire fund and was making contributions to either of those
198.32 funds based, at least in part, on compensation for services performed as a volunteer

199.1 firefighter shall continue as a member of, and a participant in, the public general
199.2 employees retirement fund or the public employees police and fire fund and compensation
199.3 for services performed as a volunteer firefighter ~~shall~~ must be considered salary.

199.4 Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

199.5 Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the
199.6 option to terminate membership and future participation in the public general employees
199.7 retirement fund or the public employees police and fire fund upon filing of a written notice
199.8 of intention to terminate participation. Notice must be given on a form prescribed by the
199.9 executive director of the association and must be filed in the offices of the association not
199.10 later than June 30, 1990.

199.11 Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

199.12 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
199.13 **CERTIFICATION FAILURES.**

199.14 (a) If the board of trustees of the Public Employees Retirement Association,
199.15 upon the recommendation of the executive director, determines that a governmental
199.16 subdivision has certified a public employee for membership in the public employees
199.17 police and fire retirement plan when the public employee was not eligible for that
199.18 retirement plan coverage, the public employee must be covered by the correct retirement
199.19 plan for subsequent service, the public employee retains the coverage for the period of
199.20 the misclassification, and the governmental subdivision shall pay in a lump sum the
199.21 difference in the actuarial present value of the retirement annuities to which the public
199.22 employee would have been entitled if the public employee was properly classified. The
199.23 governmental subdivision payment is payable within 30 days of the board's determination.
199.24 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
199.25 deposited in the public general employees retirement fund.

199.26 (b) If the executive director of the Public Employees Retirement Association
199.27 determines that a governmental subdivision has failed to certify a person for retirement
199.28 plan membership and coverage under this chapter, in addition to the procedures under
199.29 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
199.30 \$25 for each membership certification failure.

199.31 Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

199.32 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
199.33 **REDEDICATED.**

200.1 Subdivision 1. **Appropriation.** The positive difference, if any, between the
200.2 actual state aid ~~paid~~ payable to the MERF division account of the Public Employees
200.3 Retirement Association with respect to the former Minneapolis Employees Retirement
200.4 Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated
200.5 from the general fund to the commissioner of management and budget for deposit in
200.6 the Teachers Retirement Association to offset all or a portion of the ~~current and future~~
200.7 unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement
200.8 Fund Association.

200.9 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to
200.10 the extent that financial requirements ~~of~~ with respect to the MERF division of the Public
200.11 Employees Retirement Association as the successor of the former Minneapolis Employees
200.12 Retirement Fund under section ~~422A.101, subdivision 3,~~ 353.50 have been satisfied.

200.13 Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
200.14 read:

200.15 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
200.16 school district, other than a charter school, located in the corporate limits of Duluth or
200.17 St. Paul, as any of the following:

200.18 (1) a full-time employee in a position for which a valid license from the state
200.19 Department of Education is required;

200.20 (2) an employee of the teachers retirement fund association located in the city of
200.21 the first class ~~unless the employee has exercised the option pursuant to Laws 1955,~~
200.22 ~~chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement~~
200.23 ~~Fund established pursuant to chapter 422A;~~

200.24 (3) a part-time employee in a position for which a valid license from the state
200.25 Department of Education is required; or

200.26 (4) a part-time employee in a position for which a valid license from the state
200.27 Department of Education is required who also renders other nonteaching services for the
200.28 school district, unless the board of trustees of the teachers retirement fund association
200.29 determines that the combined employment is on the whole so substantially dissimilar to
200.30 teaching service that the service may not be covered by the association.

200.31 (b) The term does not mean any person who renders service in the school district
200.32 as any of the following:

200.33 (1) an independent contractor or the employee of an independent contractor;

201.1 (2) an employee who is a full-time teacher covered by the Teachers Retirement
201.2 Association or by another teachers retirement fund association established pursuant to this
201.3 chapter or chapter 354;

201.4 (3) an employee who is exempt from licensure pursuant to section 122A.30;

201.5 (4) an employee who is a teacher in a technical college located in a city of the first
201.6 class unless the person elects coverage by the applicable first class city teacher retirement
201.7 fund association under section 354B.21, subdivision 2;

201.8 (5) a teacher employed by a charter school, irrespective of the location of the
201.9 school; or

201.10 (6) an employee who is a part-time teacher in a technical college in a city of the first
201.11 class and who has elected coverage by the applicable first class city teacher retirement
201.12 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
201.13 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
201.14 college stipulates annually in advance that the part-time teaching service will not exceed
201.15 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
201.16 hours in the fiscal year to which the certification applies.

201.17 Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

201.18 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

201.19 Any person who has been a member of the Minnesota State Retirement System, the
201.20 Public Employees Retirement Association including the Public Employees Retirement
201.21 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
201.22 State Patrol Retirement Association, the legislators retirement plan, the constitutional
201.23 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
201.24 Teachers Retirement Fund Association new law coordinated program, the St. Paul
201.25 Teachers Retirement Fund Association coordinated program, or any other public employee
201.26 retirement system in the state of Minnesota having a like provision, but excluding all other
201.27 funds providing retirement benefits for police officers or firefighters ~~shall be~~, is entitled,
201.28 when qualified, to an annuity from each fund if the person's total allowable service in all
201.29 of the funds or in any two or more of the funds totals three or more years, provided that
201.30 no portion of the allowable service upon which the retirement annuity from one fund is
201.31 based is used again in the computation for a retirement annuity from another fund and
201.32 provided further that the person has not taken a refund from any of funds or associations
201.33 since the person's membership in the fund or association has terminated. The annuity from
201.34 each fund or association ~~shall~~ must be determined by the appropriate provisions of the law
201.35 governing each fund or association, except that the requirement that a person must have at

202.1 least three years of allowable service in the respective fund or association ~~shall~~ does not
202.2 apply for the purposes of this section, provided that the aggregate service in two or more
202.3 of these funds equals three or more years.

202.4 Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

202.5 Subdivision 1. **Agreement.** (a) The director, on behalf of the state, its political
202.6 subdivisions, and its other governmental employers, is authorized to enter into an
202.7 agreement with the Secretary of Health and Human Services to extend the provisions of
202.8 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph
202.9 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who
202.10 do not have coverage by the federal old age, survivors, and disability insurance program
202.11 for that employment under any previous modification of the agreement or previous
202.12 Medicare referendum.

202.13 (b) The applicable employees are:

202.14 (1) employees who are members of one of the retirement plans in Minnesota Statutes
202.15 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
202.16 employment since March 31, 1986; and

202.17 (2) employees of a special authority or district who have been continuously
202.18 employed by the special authority or district since March 31, 1986.

202.19 Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is
202.20 amended to read:

202.21 Subd. 2. **Covered public pension plans and funds.** This section applies to the
202.22 following public pension plans:

202.23 (1) the general state employees retirement plan of the Minnesota State Retirement
202.24 System;

202.25 (2) the general employees retirement plan of the Public Employees Retirement
202.26 Association;

202.27 (3) the Teachers Retirement Association;

202.28 (4) the State Patrol retirement plan;

202.29 (5) the St. Paul Teachers Retirement Fund Association;

202.30 (6) the Duluth Teachers Retirement Fund Association;

202.31 ~~(7) the Minneapolis Employees Retirement Fund;~~

202.32 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;

202.33 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;

202.34 ~~(10)~~ (9) the judges retirement fund;

- 203.1 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
203.2 69.77, subdivision 1a;
- 203.3 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
203.4 subdivision 1;
- 203.5 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
203.6 Retirement Association;
- 203.7 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
203.8 Retirement System;
- 203.9 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
203.10 Employees Retirement Association; and
- 203.11 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

203.12 Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

203.13 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
203.14 administrative official of each public pension plan and retirement fund or plan enumerated
203.15 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
203.16 annual actuarial valuations and related services. The principal from the actuarial
203.17 consulting firm on the contract must be an approved actuary under section 356.215,
203.18 subdivision 1, paragraph (c).

203.19 (b) Actuarial services must include the preparation of actuarial valuations and
203.20 related actuarial work for the following retirement plans:

- 203.21 (1) the teachers retirement plan, Teachers Retirement Association;
- 203.22 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 203.23 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 203.24 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 203.25 (5) the judges retirement plan, Minnesota State Retirement System;
- 203.26 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
203.27 ~~Fund;~~
- 203.28 ~~(7)~~ (6) the ~~public~~ general employees retirement plan, Public Employees Retirement
203.29 Association, including the MERF division;
- 203.30 ~~(8)~~ (7) the public employees police and fire plan, Public Employees Retirement
203.31 Association;
- 203.32 ~~(9)~~ (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
203.33 Association;
- 203.34 ~~(10)~~ (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
203.35 Association;

204.1 ~~(11)~~ (10) the legislators retirement plan, Minnesota State Retirement System;
204.2 ~~(12)~~ (11) the elective state officers retirement plan, Minnesota State Retirement
204.3 System; and
204.4 ~~(13)~~ (12) local government correctional service retirement plan, Public Employees
204.5 Retirement Association.

204.6 (c) The contracts must require completion of the annual actuarial valuation
204.7 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
204.8 as specified in section 356.215, and in conformity with the standards for actuarial work
204.9 adopted by the Legislative Commission on Pensions and Retirement.

204.10 The contracts must require completion of annual experience data collection and
204.11 processing and a quadrennial published experience study for the plans listed in paragraph
204.12 (b), clauses (1), (2), and ~~(7)~~ (6), as provided for in the standards for actuarial work
204.13 adopted by the commission. The experience data collection, processing, and analysis
204.14 must evaluate the following:

- 204.15 (1) individual salary progression;
- 204.16 (2) the rate of return on investments based on the current asset value;
- 204.17 (3) payroll growth;
- 204.18 (4) mortality;
- 204.19 (5) retirement age;
- 204.20 (6) withdrawal; and
- 204.21 (7) disablement.

204.22 (d) The actuary shall annually prepare a report to the governing or managing board
204.23 or administrative official and the legislature, summarizing the results of the actuarial
204.24 valuation calculations. The actuary shall include with the report any recommendations
204.25 concerning the appropriateness of the support rates to achieve proper funding of
204.26 the retirement plans by the required funding dates. The actuary shall, as part of the
204.27 quadrennial experience study, include recommendations on the appropriateness of the
204.28 actuarial valuation assumptions required for evaluation in the study.

204.29 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
204.30 indicates a persistent pattern of sizable gains or losses, the governing or managing board
204.31 or administrative official shall direct the actuary to prepare a special experience study for a
204.32 plan listed in paragraph (b), clause (3), (4), (5), ~~(6)~~ (7), (8), (9), (10), (11), or (12), ~~or~~ ~~(13)~~;
204.33 in the manner provided for in the standards for actuarial work adopted by the commission.

204.34 Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

204.35 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

- 205.1 (1) the general state employees retirement plan of the Minnesota State Retirement
205.2 System, established under chapter 352;
- 205.3 (2) the correctional state employees retirement plan of the Minnesota State
205.4 Retirement System, established under chapter 352;
- 205.5 (3) the unclassified employees retirement program, established under chapter 352D;
- 205.6 (4) the State Patrol retirement plan, established under chapter 352B;
- 205.7 (5) the legislators retirement plan, established under chapter 3A;
- 205.8 (6) the elective state officers retirement plan, established under chapter 352C;
- 205.9 (7) the general employees retirement plan of the Public Employees Retirement
205.10 Association, established under chapter 353, including the MERF division of the Public
205.11 Employees Retirement Association;
- 205.12 (8) the public employees police and fire retirement plan of the Public Employees
205.13 Retirement Association, established under chapter 353;
- 205.14 (9) the local government correctional service retirement plan of the Public
205.15 Employees Retirement Association, established under chapter 353E;
- 205.16 (10) the Teachers Retirement Association, established under chapter 354;
- 205.17 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 205.18 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
205.19 chapter 354A;
- 205.20 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
205.21 chapter 354A; and
- 205.22 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

205.23 Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

205.24 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
205.25 subdivision.

205.26 (b) "Average salary" means the highest average of covered salary for the appropriate
205.27 period of credited service that is required for the calculation of a disability benefit by
205.28 the covered retirement plan and that is drawn from any period of credited service and
205.29 successive years of covered salary in a covered retirement plan.

205.30 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
205.31 7.

205.32 (d) "Duty-related" means a disabling illness or injury that occurred while the person
205.33 was actively engaged in employment duties or that arose out of the person's active
205.34 employment duties.

206.1 (e) "General employee retirement plan" means a covered retirement plan listed in
206.2 subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

206.3 (f) "Occupationally disabled" means the condition of having a medically
206.4 determinable physical or mental impairment that makes a person unable to satisfactorily
206.5 perform the minimum requirements of the person's employment position or a substantially
206.6 similar employment position.

206.7 (g) "Public safety employee retirement plan" means a covered retirement plan listed
206.8 in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

206.9 (h) "Totally and permanently disabled" means the condition of having a medically
206.10 determinable physical or mental impairment that makes a person unable to engage in any
206.11 substantial gainful activity and that is expected to continue or has continued for a period
206.12 of at least one year or that is expected to result directly in the person's death.

206.13 Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

206.14 Subd. 7. **Covered retirement plans.** This section applies to the following
206.15 retirement plans:

206.16 (1) the general state employees retirement plan of the Minnesota State Retirement
206.17 System, established by chapter 352;

206.18 (2) the unclassified state employees retirement program of the Minnesota State
206.19 Retirement System, established by chapter 352D;

206.20 (3) the general employees retirement plan of the Public Employees Retirement
206.21 Association, established by chapter 353, including the MERF division of the Public
206.22 Employees Retirement Association;

206.23 (4) the Teachers Retirement Association, established by chapter 354;

206.24 (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

206.25 (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

206.26 ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

206.27 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
206.28 Retirement System, established by chapter 352;

206.29 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;

206.30 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
206.31 Retirement Association, established by chapter 353;

206.32 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
206.33 Employees Retirement Association, established by chapter 353E; and

206.34 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

207.1 Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

207.2 Subd. 4. **Covered retirement plans.** This section applies to the following
207.3 retirement plans:

207.4 (1) the legislators retirement plan, established by chapter 3A;

207.5 (2) the general state employees retirement plan of the Minnesota State Retirement
207.6 System, established by chapter 352;

207.7 (3) the correctional state employees retirement plan of the Minnesota State
207.8 Retirement System, established by chapter 352;

207.9 (4) the State Patrol retirement plan, established by chapter 352B;

207.10 (5) the elective state officers retirement plan, established by chapter 352C;

207.11 (6) the unclassified state employees retirement program, established by chapter
207.12 352D;

207.13 (7) the general employees retirement plan of the Public Employees Retirement
207.14 Association, established by chapter 353, including the MERF division of the Public
207.15 Employees Retirement Association;

207.16 (8) the public employees police and fire plan of the Public Employees Retirement
207.17 Association, established by chapter 353;

207.18 (9) the local government correctional service retirement plan of the Public
207.19 Employees Retirement Association, established by chapter 353E;

207.20 (10) the Teachers Retirement Association, established by chapter 354;

207.21 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

207.22 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
207.23 354A; and

207.24 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~

207.25 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

207.26 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is
207.27 amended to read:

207.28 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
207.29 following retirement plans:

207.30 (1) the general state employees retirement plan of the Minnesota State Retirement
207.31 System, established under chapter 352;

207.32 (2) the correctional state employees retirement plan of the Minnesota State
207.33 Retirement System, established under chapter 352;

207.34 (3) the State Patrol retirement plan, established under chapter 352B;

208.1 (4) the general employees retirement plan of the Public Employees Retirement
208.2 Association, established under chapter 353, including the MERF division of the Public
208.3 Employees Retirement Association;

208.4 (5) the public employees police and fire plan of the Public Employees Retirement
208.5 Association, established under chapter 353;

208.6 (6) the Teachers Retirement Association, established under chapter 354;

208.7 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

208.8 ~~(8) (7)~~ the Duluth Teachers Retirement Fund Association, established under chapter
208.9 354A; and

208.10 ~~(9) (8)~~ the St. Paul Teachers Retirement Fund Association, established under chapter
208.11 354A.

208.12 Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is
208.13 amended to read:

208.14 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
208.15 following retirement plans:

208.16 (1) the legislators retirement plan, established by chapter 3A;

208.17 (2) the general state employees retirement plan of the Minnesota State Retirement
208.18 System, established by chapter 352;

208.19 (3) the correctional state employees retirement plan of the Minnesota State
208.20 Retirement System, established by chapter 352;

208.21 (4) the State Patrol retirement plan, established by chapter 352B;

208.22 (5) the elective state officers retirement plan, established by chapter 352C;

208.23 (6) the unclassified state employees retirement program, established by chapter
208.24 352D;

208.25 (7) the general employees retirement plan of the Public Employees Retirement
208.26 Association, established by chapter 353, including the MERF division of the Public
208.27 Employees Retirement Association;

208.28 (8) the public employees police and fire plan of the Public Employees Retirement
208.29 Association, established by chapter 353;

208.30 (9) the public employees defined contribution plan, established by chapter 353D;

208.31 (10) the local government correctional service retirement plan of the Public
208.32 Employees Retirement Association, established by chapter 353E;

208.33 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
208.34 established by chapter 353G;

208.35 (12) the Teachers Retirement Association, established by chapter 354;

- 209.1 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
209.2 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
209.3 354A;
209.4 (15) the individual retirement account plan, established by chapter 354B;
209.5 (16) the higher education supplemental retirement plan, established by chapter 354C;
209.6 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~
209.7 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;
209.8 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
209.9 423C; and
209.10 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

209.11 Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

209.12 Subd. 2. **Covered funds.** The provisions of this section apply to the following
209.13 retirement funds:

- 209.14 (1) the general employees retirement plan of the Public Employees Retirement
209.15 Association established under chapter 353, including the MERF division of the Public
209.16 Employees Retirement Association;
209.17 (2) the public employees police and fire plan of the Public Employees Retirement
209.18 Association established under chapter 353;
209.19 (3) the State Patrol retirement plan established under chapter 352B;
209.20 (4) the legislators retirement plan established under chapter 3A;
209.21 (5) the elective state officers retirement plan established under chapter 352C; and
209.22 (6) the Teachers Retirement Association established under chapter 354; and
209.23 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

209.24 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is
209.25 amended to read:

209.26 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
209.27 following retirement plans:

- 209.28 (1) the legislators retirement plan established under chapter 3A;
209.29 (2) the correctional state employees retirement plan of the Minnesota State
209.30 Retirement System established under chapter 352;
209.31 (3) the general state employees retirement plan of the Minnesota State Retirement
209.32 System established under chapter 352;
209.33 (4) the State Patrol retirement plan established under chapter 352B;
209.34 (5) the elective state officers retirement plan established under chapter 352C;

210.1 (6) the general employees retirement plan of the Public Employees Retirement
210.2 Association established under chapter 353, including the MERF division of the Public
210.3 Employees Retirement Association;

210.4 (7) the public employees police and fire retirement plan of the Public Employees
210.5 Retirement Association established under chapter 353;

210.6 (8) the local government correctional employees retirement plan of the Public
210.7 Employees Retirement Association established under chapter 353E;

210.8 (9) the teachers retirement plan established under chapter 354; and

210.9 (10) the judges retirement plan established under chapter 490.

210.10 Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

210.11 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
210.12 after December 31, 2001, to eligible persons under ~~sections~~ section 356.42 and 356.43,
210.13 the amount of the most recent lump-sum benefit payable to an eligible recipient under
210.14 ~~sections~~ section 356.42 and 356.43 must be divided by 12. The result must be added to
210.15 the monthly annuity or benefit otherwise payable to an eligible recipient, must become a
210.16 permanent part of the benefit recipient's pension, and must be included in any pension
210.17 benefit subject to future increases.

210.18 Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

210.19 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
210.20 following retirement plans:

210.21 (1) the general state employees retirement plan of the Minnesota State Retirement
210.22 System established under chapter 352;

210.23 (2) the correctional state employees retirement plan of the Minnesota State
210.24 Retirement System established under chapter 352;

210.25 (3) the State Patrol retirement plan established under chapter 352B;

210.26 (4) the legislators retirement plan established under chapter 3A;

210.27 (5) the judges retirement plan established under chapter 490;

210.28 (6) the general employees retirement plan of the Public Employees Retirement
210.29 Association established under chapter 353, including the MERF division of the Public
210.30 Employees Retirement Association;

210.31 (7) the public employees police and fire plan of the Public Employees Retirement
210.32 Association established under chapter 353;

210.33 (8) the teachers retirement plan established under chapter 354;

211.1 (9) the Duluth Teachers Retirement Fund Association established under chapter
211.2 354A;
211.3 (10) the St. Paul Teachers Retirement Fund Association established under chapter
211.4 354A;
211.5 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
211.6 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
211.7 423C;
211.8 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
211.9 423B; and
211.10 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
211.11 Employees Retirement Association established under chapter 353E.

211.12 Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

211.13 **356.64 REAL ESTATE INVESTMENTS.**

211.14 (a) Notwithstanding any law to the contrary, any public pension plan whose assets
211.15 are not invested by the State Board of Investment may invest its funds in Minnesota situs
211.16 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if
211.17 the investment is consistent with section 356A.04.

211.18 ~~(b) Except to the extent authorized in the case of the Minneapolis Employees~~
211.19 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a);~~ An investment
211.20 otherwise authorized by this section must also comply with the requirements and
211.21 limitations of section 11A.24, subdivision 6.

211.22 Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

211.23 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension
211.24 fund amounts existing in any public pension fund are presumed to be abandoned, but are
211.25 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of
211.26 the public pension fund specifically provides for a different disposition of unclaimed or
211.27 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
211.28 must be credited to the public pension fund. If the unclaimed public pension fund amount
211.29 exceeds \$25 and the inactive or former member again becomes a member of the applicable
211.30 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
211.31 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8,~~ whichever applies, the
211.32 canceled amount must be restored to the credit of the person.

211.33 Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

212.1 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

212.2 (a) Upon written authorization of a person receiving an annuity from a public
212.3 pension fund administered by the Minnesota State Retirement System, or the Public
212.4 Employees Retirement Association, or the Minneapolis Employees Retirement Fund, the
212.5 executive director of the public pension fund may deduct from the retirement annuity an
212.6 amount requested by the annuitant to be paid as dues to any labor organization that is an
212.7 exclusive bargaining agent representing public employees or an organization representing
212.8 retired public employees of which the annuitant is a member and shall pay the amount to
212.9 the organization so designated by the annuitant.

212.10 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
212.11 of dues payments under paragraph (a) are not liable for failure to properly deduct or
212.12 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
212.13 faith.

212.14 (c) The deductions under paragraph (a) may occur no more frequently than two
212.15 times per year and may not be used for political purposes.

212.16 (d) Any labor organization specified in paragraph (a) shall reimburse the public
212.17 pension fund for the administrative expense of withholding premium amounts.

212.18 Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is
212.19 amended to read:

212.20 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
212.21 a different meaning is intended, for the purpose of this section, the terms in paragraphs
212.22 (b) to (e) have the meanings given them.

212.23 (b) "Chief administrative officer" means the executive director of a covered pension
212.24 plan or the executive director's designee or representative.

212.25 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
212.26 2, clauses (1) to (4), ~~(10) (9)~~, and ~~(13) (12)~~ to ~~(16) (15)~~, but does not mean the
212.27 deferred compensation plan administered under sections 352.965 and 352.97 or to the
212.28 postretirement health care savings plan administered under section 352.98.

212.29 (d) "Governing board" means the Board of Trustees of the Public Employees
212.30 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
212.31 the Board of Directors of the Minnesota State Retirement System.

212.32 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
212.33 a covered pension plan or a beneficiary of a participant, or an individual who has applied
212.34 to be a participant or who is or may be a survivor of a participant, or a state agency or
212.35 other governmental unit that employs active participants in a covered pension plan.

213.1 Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

213.2 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
 213.3 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
 213.4 Suburban Sanitary Sewer District, and any joint board created by agreement among local
 213.5 government units ~~pursuant to~~ under section 471.59, to provide interceptors and treatment
 213.6 works for such local government units, ~~shall~~ terminate. All persons regularly employed by
 213.7 such sanitary districts and joint boards on that date or on any earlier date on which the
 213.8 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership and
 213.9 control of any interceptors or treatment works owned or operated by such sanitary districts
 213.10 and joint boards, and who are employees of the commission on July 1, 1994, ~~shall be~~ are
 213.11 employees of the council, ~~and may at their option become members of the Minnesota~~
 213.12 ~~State Retirement System or may continue as members of a public retirement association~~
 213.13 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
 213.14 ~~retain all pension rights which they may have under such latter laws, and all other rights to~~
 213.15 ~~which they are entitled by contract or law.~~ Members of trades who are employed by the
 213.16 former Metropolitan Waste Control Commission, who have trade union pension coverage
 213.17 ~~pursuant to~~ under a collective bargaining agreement, and who elected exclusion from
 213.18 coverage ~~pursuant to~~ under section 473.512, or who are first employed after July 1, 1977,
 213.19 ~~shall~~ may not be covered by the Minnesota State Retirement System. The council shall
 213.20 make the employer's contributions to pension funds of its employees. Such employees
 213.21 shall perform such duties as may be prescribed by the council. All funds of such sanitary
 213.22 districts and joint boards then on hand, and all subsequent collections of taxes, special
 213.23 assessments or service charges levied or imposed by or for such sanitary districts or joint
 213.24 boards ~~shall~~ must be transferred to the council. The local government units otherwise
 213.25 entitled to such cash, taxes, assessments or service charges ~~shall~~ must be credited with
 213.26 such amounts, and such credits ~~shall~~ must be offset against any amounts to be paid by
 213.27 them to the council as provided in section 473.517. The former Metropolitan Waste
 213.28 Control Commission, and on July 1, 1994, the council shall succeed to and become vested
 213.29 by action of law with all right, title and interest in and to any property, real or personal,
 213.30 owned or operated by such sanitary districts and joint boards. Prior to that date the proper
 213.31 officers of such sanitary districts and joint boards, or the former Metropolitan Waste
 213.32 Control Commission, shall execute and deliver to the council all deeds, conveyances, bills
 213.33 of sale, and other documents or instruments required to vest in the council good and
 213.34 marketable title to all such real or personal property; provided that vesting of the title ~~shall~~
 213.35 must occur by operation of law and failure to execute and deliver the documents ~~shall~~ does
 213.36 not affect the vesting of title in the former Metropolitan Waste Control Commission or the

214.1 council on the dates indicated in this subdivision. The council shall become obligated to
214.2 pay or assume all bonded or other debt and contract obligations incurred by the former
214.3 Metropolitan Waste Control Commission, or by such sanitary districts and joint boards, or
214.4 incurred by local government units for the acquisition or betterment of any interceptors or
214.5 treatment works owned or operated by such sanitary districts or joint boards.

214.6 Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

214.7 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
214.8 shall have the power to appoint engineers and other consultants, attorneys, and such
214.9 other officers, agents, and employees as it may see fit, who shall perform such duties and
214.10 receive such compensation as the corporation may determine, and be removable at the
214.11 pleasure of the corporation. The corporation ~~shall~~ must adopt an affirmative action plan,
214.12 which shall be submitted to the appropriate agency or office of the state for review and
214.13 approval. The plan ~~shall~~ must include a yearly progress report to the agency or office.
214.14 ~~Officers and employees of the corporation who cannot qualify and participate in the~~
214.15 ~~municipal employees retirement fund under chapter 422A, shall be separated from service~~
214.16 ~~at the retirement age applicable to officers or employees of the state of Minnesota in the~~
214.17 ~~classified service of the state civil service as provided in section 43A.34, or as the same~~
214.18 ~~may from time to time be amended, regardless of the provisions of the Veteran's Preference~~
214.19 ~~Act.~~ Whenever the corporation performs any work within the limits of a city of the first
214.20 class, or establishes a minimum wage for skilled or unskilled labor in the specifications or
214.21 any contract for work within one of the cities, the rate of pay to such skilled and unskilled
214.22 labor ~~shall~~ must be the prevailing rate of wage for such labor in that city.

214.23 Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

214.24 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
214.25 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
214.26 for funding actuarial liabilities to pay postemployment benefits to employees or officers
214.27 after their termination of service; or for funding all or part of the municipality's current
214.28 and future unfunded liability for a pension or retirement fund or plan referred to in
214.29 section 356.20, subdivision 2, as those liabilities are most recently computed ~~pursuant~~
214.30 ~~to~~ under sections 356.215 and 356.216. The board of trustees or directors of a ~~pension~~
214.31 ~~fund or relief association referred to in section 69.77 or chapter 422A~~ must consent and
214.32 must be a party to any contract made under this section with respect to the fund held by
214.33 it for the benefit of and in trust for its members. For purposes of this section, the term

215.1 "postemployment benefits" means benefits giving rise to a liability under Statement No.
215.2 45 of the Governmental Accounting Standards Board.

215.3 Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is
215.4 amended to read:

215.5 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
215.6 person is transferred to state employment under this section, the person may elect to do
215.7 either or both of the following:

215.8 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
215.9 sick leave benefits and accumulated time provided by the county instead of receiving
215.10 benefits from the state under the judicial branch personnel rules; or

215.11 (2) remain a member of the general employees retirement plan of the Public
215.12 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
215.13 division of the Public Employees Retirement Association instead of joining the Minnesota
215.14 State Retirement System.

215.15 Employees who make an election under clause (1) remain on the county payroll,
215.16 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
215.17 benefits provided by the county. The state shall make the employer contribution to the
215.18 general employees retirement plan of the Public Employees Retirement Association or the
215.19 employer contribution under section ~~422A.10~~ 353.50, subdivision ~~1~~ 7, paragraphs (c)
215.20 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
215.21 Employees Retirement Association on behalf of employees who make an election under
215.22 clause (2).

215.23 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
215.24 the election, once, at any time, but if the employee revokes the election, the employee
215.25 cannot make another election. An employee who makes an election under paragraph (a),
215.26 clause (2), may revoke the election at any time within six months after the person becomes
215.27 a state employee. Once an employee revokes this election, the employee cannot make
215.28 another election.

215.29 (c) The Supreme Court, after consultation with the Judicial Council, the
215.30 commissioner of management and budget, and the executive directors of the Public
215.31 Employees Retirement Association and the Minnesota State Retirement Association, shall
215.32 adopt procedures for making elections under this section.

215.33 (d) The Supreme Court shall notify all affected employees of the options available
215.34 under this section. The executive directors of the Public Employees Retirement
215.35 Association and the Minnesota State Retirement System shall provide counseling to

216.1 affected employees on the effect of making an election to remain a member of the Public
216.2 Employees Retirement Association.

216.3 Sec. 43. **EFFECTIVE DATE.**

216.4 Sections 1 to 42 are effective June 30, 2010.

216.5 **ARTICLE 13**

216.6 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS**

216.7 Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is
216.8 amended to read:

216.9 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
216.10 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision 3,
216.11 clause (2), subclause (e), ~~or~~ and if the municipality is required to provide financial support
216.12 to the special fund of the relief association ~~pursuant to~~ under this section, the adoption of
216.13 or any amendment to the articles of incorporation or bylaws of a relief association which
216.14 increases or otherwise affects the retirement coverage provided by or the service pensions
216.15 or retirement benefits payable from the special fund of any relief association to which this
216.16 section applies is not effective until it is ratified by the governing body of the municipality
216.17 in which the relief association is located and the officers of a relief association shall not
216.18 seek municipal ratification prior to preparing and certifying an estimate of the expected
216.19 increase in the accrued liability and annual accruing liability of the relief association
216.20 attributable to the amendment. If the special fund of the relief association has a surplus
216.21 over full funding ~~pursuant to~~ under subdivision 3, clause (2), subclause (e), and if the
216.22 municipality is not required to provide financial support to the special fund of the relief
216.23 association ~~pursuant to~~ under this section, the relief association may adopt or amend its
216.24 articles of incorporation or bylaws which increase or otherwise affect the retirement
216.25 coverage provided by or the service pensions or retirement benefits payable from the
216.26 special fund of the relief association which are effective without municipal ratification so
216.27 long as this does not cause the amount of the resulting increase in the accrued liability
216.28 of the special fund of the relief association to exceed 90 percent of the amount of the
216.29 surplus over full funding reported in the prior year and this does not result in the financial
216.30 requirements of the special fund of the relief association exceeding the expected amount
216.31 of the future fire state aid to be received by the relief association as determined by the
216.32 board of trustees following the preparation of an estimate of the expected increase in the
216.33 accrued liability and annual accruing liability of the relief association attributable to the
216.34 change. If a relief association adopts or amends its articles of incorporation or bylaws

217.1 without municipal ratification ~~pursuant to~~ under this subdivision, and, subsequent to
217.2 the amendment or adoption, the financial requirements of the special fund of the relief
217.3 association ~~pursuant to~~ under this section are such so as to require financial support from
217.4 the municipality, the provision which was implemented without municipal ratification is
217.5 no longer effective without municipal ratification and any service pensions or retirement
217.6 benefits payable after that date may be paid only in accordance with the articles of
217.7 incorporation or bylaws as amended or adopted with municipal ratification.

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

217.9 Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is
217.10 amended to read:

217.11 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
217.12 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision
217.13 4, ~~or~~ and if the municipality is required to provide financial support to the special fund of
217.14 the relief association ~~pursuant to~~ under this section, the adoption of or any amendment to
217.15 the articles of incorporation or bylaws of a relief association which increases or otherwise
217.16 affects the retirement coverage provided by or the service pensions or retirement benefits
217.17 payable from the special fund of any relief association to which this section applies is not
217.18 effective until it is ratified by the governing body of the municipality in which the relief
217.19 association is located. If the special fund of the relief association has a surplus over full
217.20 funding ~~pursuant to~~ under subdivision 4, and if the municipality is not required to provide
217.21 financial support to the special fund of the relief association ~~pursuant to~~ under this section,
217.22 the relief association may adopt or amend its articles of incorporation or bylaws which
217.23 increase or otherwise affect the retirement coverage provided by or the service pensions
217.24 or retirement benefits payable from the special fund of the relief association which are
217.25 effective without municipal ratification so long as this does not cause the amount of the
217.26 resulting increase in the accrued liability of the special fund of the relief association to
217.27 exceed 90 percent of the amount of the surplus over full funding reported in the prior year
217.28 and this does not result in the financial requirements of the special fund of the relief
217.29 association exceeding the expected amount of the future fire state aid to be received by the
217.30 relief association as determined by the board of trustees following the preparation of an
217.31 updated actuarial valuation including the proposed change or an estimate of the expected
217.32 actuarial impact of the proposed change prepared by the actuary of the relief association.
217.33 If a relief association adopts or amends its articles of incorporation or bylaws without
217.34 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
217.35 adoption, the financial requirements of the special fund of the relief association ~~pursuant~~

218.1 ~~to under~~ this section are such so as to require financial support from the municipality, the
218.2 provision which was implemented without municipal ratification is no longer effective
218.3 without municipal ratification and any service pensions or retirement benefits payable after
218.4 that date may be paid only in accordance with the articles of incorporation or bylaws as
218.5 amended or adopted with municipal ratification.

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

218.7 Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

218.8 Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by
218.9 subdivision 6, ~~paragraph (a) or 7,~~ in order to pay benefits as they come due, shall invest
218.10 a portion of its assets in authorized short-term debt obligations that can be immediately
218.11 liquidated without accrual of a substantial determinable penalty or loss and that have an
218.12 average maturity of no more than 90 days. The chief administrative officer of the plan
218.13 shall determine the minimum liquidity requirement of the plan and shall retain appropriate
218.14 documentation of that determination for three years from the date of determination.

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

218.16 Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is
218.17 amended to read:

218.18 Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated~~
218.19 ~~with a municipality or an independent nonprofit firefighting corporation may include as a~~
218.20 ~~relief association member a minor serving as a firefighter, except for members of a youth,~~
218.21 ~~civic, or educational organization or program who participate with uninterrupted adult~~
218.22 ~~supervision, as allowed by federal law and by section 181A.04. Such organizations or~~
218.23 ~~programs include, but are not limited to, Boy Scout Explorer programs or firefighting~~
218.24 ~~degree programs.~~

218.25 ~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an
218.26 independent nonprofit firefighting corporation may include as a relief association member
218.27 a minor serving as a volunteer firefighter.

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

218.29 Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is
218.30 amended to read:

219.1 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
219.2 of this section apply to all breaks in service, except breaks in service mandated by federal
219.3 or state law.

219.4 (b)(1) If a ~~former active~~ firefighter who has ceased to perform or supervise fire
219.5 suppression and fire prevention duties for at least 60 days resumes performing active
219.6 firefighting with the fire department associated with the relief association, if the bylaws of
219.7 the relief association so permit, the ~~person~~ firefighter may again become an active member
219.8 of the relief association. A firefighter who returns to active service and membership is
219.9 subject to the service pension calculation requirements under this section.

219.10 (2) A firefighter who has been granted an approved leave of absence not exceeding
219.11 one year by the fire department or by the relief association is exempt from the minimum
219.12 period of resumption service requirement of this section.

219.13 (3) A person who has a break in service not exceeding one year but has not been
219.14 granted an approved leave of absence and who has not received a service pension or
219.15 disability benefit may be made exempt from the minimum period of resumption service
219.16 requirement of this section by the relief association bylaws.

219.17 (4) If the bylaws so provide, a firefighter who returns to active relief association
219.18 membership under this paragraph may continue to collect a monthly service pension,
219.19 notwithstanding the service pension eligibility requirements under chapter 424A.

219.20 ~~(b)~~ (c) If a ~~former~~ firefighter who has received a service pension or disability benefit
219.21 returns to active relief association membership under paragraph ~~(a)~~ (b), the firefighter may
219.22 qualify for the receipt of a service pension from the relief association for the resumption
219.23 service period if the firefighter meets ~~a minimum period of resumption service specified in~~
219.24 ~~the relief association bylaws~~ the service requirements of section 424A.016, subdivision 3,
219.25 or 424A.02, subdivision 2.

219.26 (d) If a former firefighter who has not received a service pension or disability benefit
219.27 returns to active relief association membership under paragraph (b), the firefighter may
219.28 qualify for the receipt of a service pension from the relief association for the resumption
219.29 service period if the firefighter meets the minimum period of resumption service specified
219.30 in the relief association bylaws and the service requirements of section 424A.016,
219.31 subdivision 3, or 424A.02, subdivision 2.

219.32 ~~(e)~~ (e) A firefighter who returns to active lump-sum relief association membership
219.33 and who qualifies for a service pension under paragraph ~~(b)~~ (c) or (d) must have, upon
219.34 a subsequent cessation of duties, any service pension for the resumption service period
219.35 calculated as a separate benefit. If a lump-sum service pension had been paid to the
219.36 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service

220.1 pension for the resumption service period must be calculated to apply the service pension
 220.2 amount in effect on the date of the firefighter's termination of the resumption service for all
 220.3 years of the resumption service. No firefighter may be paid a service pension twice for the
 220.4 same period of service. If a lump-sum service pension had not been paid to the firefighter
 220.5 upon the firefighter's previous cessation of duties and the firefighter meets the minimum
 220.6 service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a
 220.7 service pension must be calculated to apply the service pension amount in effect on the
 220.8 date of the firefighter's termination of the resumption service for all years of service credit.

220.9 ~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns
 220.10 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
 220.11 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
 220.12 requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the
 220.13 firefighter's previous years of active service, must have, upon a subsequent cessation of
 220.14 duties, a service pension calculated for the previous years of service based on the service
 220.15 pension amount in effect on the date of the firefighter's termination of the resumption
 220.16 service, or, if the bylaws so provide, based on the service pension amount in effect on the
 220.17 date of the firefighter's previous cessation of duties.

220.18 ~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active
 220.19 monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief
 220.20 association bylaws do not allow for the firefighter to continue collecting a monthly service
 220.21 pension, any monthly benefit service pension payable to the firefighter is suspended as
 220.22 of the first day of the month next following the date on which the firefighter returns to
 220.23 active membership. If the firefighter was receiving a monthly benefit service pension,
 220.24 and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to
 220.25 an additional monthly benefit service pension upon a subsequent cessation of duties
 220.26 calculated based on the resumption service credit and the service pension accrual amount
 220.27 in effect on the date of the termination of the resumption service. ~~The~~ A suspended initial
 220.28 service pension resumes as of the first of the month next following the termination of the
 220.29 resumption service. If the firefighter was not receiving a monthly benefit service pension
 220.30 and meets the minimum service requirement of section 424A.02, subdivision 2, a service
 220.31 pension must be calculated to apply the service pension amount in effect on the date of the
 220.32 firefighter's termination of the resumption service for all years of service credit.

220.33 ~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns
 220.34 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
 220.35 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
 220.36 requirement of section 424A.02, subdivision 2, based on the firefighter's previous years

221.1 of active service, must have, upon a subsequent cessation of duties, a service pension
221.2 calculated for the previous years of service based on the service pension amount in effect
221.3 on the date of the firefighter's termination of the resumption service, or, if the bylaws so
221.4 provide, based on the service pension amount in effect on the date of the firefighter's
221.5 previous cessation of duties.

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

221.7 Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding
221.8 a subdivision to read:

221.9 **Subd. 5. Minnesota deferred compensation plan transfers.** A relief association
221.10 may directly transfer on an institution-to-institution basis the eligible member's
221.11 lump-sum pension amount to the requesting member's account in the Minnesota deferred
221.12 compensation plan, if:

221.13 (1) the governing articles of incorporation or bylaws so provide;

221.14 (2) the volunteer firefighter participates in the Minnesota deferred compensation
221.15 plan at the time of retirement; and

221.16 (3) the applicable retiring firefighter requests in writing that the relief association
221.17 do so.

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

221.19 Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is
221.20 amended to read:

221.21 **Subd. 4. Individual accounts.** (a) An individual account must be established for
221.22 each firefighter who is a member of the relief association.

221.23 (b) To each individual active member account must be credited an equal share of:

221.24 (1) any amounts of fire state aid received by the relief association;

221.25 (2) any amounts of municipal contributions to the relief association raised from
221.26 levies on real estate or from other available municipal revenue sources exclusive of fire
221.27 state aid; and

221.28 (3) any amounts equal to the share of the assets of the special fund to the credit of:

221.29 (i) any former member who terminated active service with the fire department to
221.30 which the relief association is associated before meeting the minimum service requirement
221.31 provided for in subdivision 2, paragraph (b), and has not returned to active service with
221.32 the fire department for a period no shorter than five years; or

222.1 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
222.2 the amounts credited to the individual member account under subdivision 2, paragraph
222.3 (b), and any applicable provision of the bylaws of the relief association. In addition, any
222.4 investment return on the assets of the special fund must be credited in proportion to the
222.5 share of the assets of the special fund to the credit of each individual active member
222.6 account. Administrative expenses of the relief association payable from the special
222.7 fund may be deducted from individual accounts in a manner specified in the bylaws of
222.8 the relief association.

222.9 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
222.10 any investment return on the assets of the special fund to the accounts of inactive members.

222.11 (d) Amounts to be credited to individual accounts must be allocated uniformly for
222.12 all years of active service and allocations must be made for all years of service, except for
222.13 caps on service credit if so provided in the bylaws of the relief association. The allocation
222.14 method may utilize monthly proration for fractional years of service, as the bylaws or
222.15 articles of incorporation of the relief association so provide. The bylaws or articles of
222.16 incorporation may define a "month," but the definition must require a calendar month to
222.17 have at least 16 days of active service. If the bylaws or articles of incorporation do not
222.18 define a "month," a "month" is a completed calendar month of active service measured
222.19 from the member's date of entry to the same date in the subsequent month.

222.20 ~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision
222.21 of the bylaws of the relief association, a retiring member is entitled to that portion of the
222.22 assets of the special fund to the credit of the member in the individual member account
222.23 which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of
222.24 the relief association based on the number of years of service to the credit of the retiring
222.25 member.

222.26 ~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual
222.27 account allocations to the state auditor at the same time that the annual financial statement
222.28 or financial report and audit of the relief association, whichever applies, is due under
222.29 section 69.051.

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

222.31 Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is
222.32 amended to read:

222.33 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
222.34 association may only pay an ancillary benefit which would constitute an authorized

223.1 disbursement as specified in section 424A.05. The ancillary benefit for active members
223.2 must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

223.3 (b) For deferred members, the ancillary benefit must equal the vested amount of
223.4 the individual account of the member. For the recipient of installment payments of a
223.5 service pension, the ancillary benefit must equal the remaining balance in the individual
223.6 account of the recipient.

223.7 (c)(1) If a survivor or death benefit is payable under the articles of incorporation or
223.8 bylaws, the benefit must be paid:

223.9 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

223.10 (ii) as a survivor benefit to the surviving children of the deceased firefighter if no
223.11 surviving spouse;

223.12 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
223.13 surviving spouse or surviving children; or

223.14 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no
223.15 surviving spouse, no surviving children, and no beneficiary designated.

223.16 (2) If there are no surviving children, the surviving spouse may waive, in writing,
223.17 wholly or partially, the spouse's entitlement to a survivor benefit.

223.18 (d) For purposes of this section, for a defined contribution volunteer fire relief
223.19 association, a trust created under chapter 501B may be a designated beneficiary. If a trust
223.20 payable to the surviving children organized under chapter 501B has been established as
223.21 authorized by this section and there is no surviving spouse, the survivor benefit may be
223.22 paid to the trust, notwithstanding the requirements of this section.

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

223.24 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is
223.25 amended to read:

223.26 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
223.27 including any volunteer firefighters relief association governed by section 69.77 or any
223.28 volunteer firefighters division of a relief association governed by chapter 424, may only
223.29 pay ancillary benefits which would constitute an authorized disbursement as specified in
223.30 section 424A.05 subject to the following requirements or limitations:

223.31 (1) with respect to a defined benefit relief association in which governing bylaws
223.32 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
223.33 be paid to any former member or paid to any person on behalf of any former member
223.34 after the former member (i) terminates active service with the fire department and active

224.1 membership in the relief association; and (ii) commences receipt of a service pension as
224.2 authorized under this section; and

224.3 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
224.4 payable to any member, to any former member, or to any person on behalf of any member
224.5 or former member, may exceed in amount the total earned service pension of the member
224.6 or former member. The total earned service pension must be calculated by multiplying
224.7 the service pension amount specified in the bylaws of the relief association at the time of
224.8 death or disability, whichever applies, by the years of service credited to the member or
224.9 former member. The years of service must be determined as of (i) the date the member or
224.10 former member became entitled to the ancillary benefit; or (ii) the date the member or
224.11 former member died entitling a survivor or the estate of the member or former member to
224.12 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
224.13 member had attained the minimum amount of service and membership credit specified in
224.14 the governing bylaws. For active members, the amount of a permanent disability benefit
224.15 or a survivor benefit must be equal to the member's total earned service pension except
224.16 that the bylaws of a defined benefit relief association may provide for the payment of a
224.17 survivor benefit in an amount not to exceed five times the yearly service pension amount
224.18 specified in the bylaws on behalf of any member who dies before having performed five
224.19 years of active service in the fire department with which the relief association is affiliated.

224.20 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
224.21 incorporation or bylaws, the benefit must be paid:

224.22 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

224.23 (B) as a survivor benefit to the surviving children of the deceased firefighter if
224.24 no surviving spouse;

224.25 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
224.26 surviving spouse or surviving children; or

224.27 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
224.28 surviving children and no beneficiary designated.

224.29 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
224.30 wholly or partially, the spouse's entitlement to a survivor benefit.

224.31 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
224.32 incorporation or bylaws, the benefit must be paid:

224.33 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

224.34 (B) as a survivor benefit to the surviving children of the deceased firefighter if
224.35 no surviving spouse;

225.1 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
225.2 surviving spouse or surviving children; or

225.3 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
225.4 surviving spouse, no surviving children, and no beneficiary designated.

225.5 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
225.6 wholly or partially, the spouse's entitlement to a survivor benefit.

225.7 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
225.8 survivor benefit payable to a designated beneficiary, the relief association bylaws may
225.9 limit the total survivor benefit amount payable.

225.10 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
225.11 or for a combination lump-sum and monthly benefit volunteer fire relief association where
225.12 a monthly benefit service pension has been elected by or a monthly benefit is payable with
225.13 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
225.14 of this section, for a lump-sum volunteer fire relief association or for a combination
225.15 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
225.16 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
225.17 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to
225.18 the surviving children organized under chapter 501B as authorized by this section and
225.19 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
225.20 a requirement of this section to the contrary.

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

225.22 Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10,
225.23 is amended to read:

225.24 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
225.25 defined benefit relief association to which this section applies must file a revised copy
225.26 of its governing bylaws with the state auditor upon the adoption of any amendment to
225.27 its governing bylaws by the relief association or upon the approval of any amendment
225.28 to its governing bylaws granted by the governing body of each municipality served by
225.29 the fire department to which the relief association is directly associated. Failure of the
225.30 relief association to file a copy of the bylaws or any bylaw amendments with the state
225.31 auditor disqualifies the municipality from the distribution of any future fire state aid until
225.32 this filing requirement has been completed.

225.33 (b) If the special fund of the relief association does not have a surplus over full
225.34 funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,
225.35 subdivision 4, and if the municipality is required to provide financial support to the special

226.1 fund of the relief association under section 69.772 or 69.773, no bylaw amendment which
 226.2 would affect the amount of, the manner of payment of, or the conditions for qualification
 226.3 for service pensions or ancillary benefits or disbursements other than administrative
 226.4 expenses authorized under section 69.80 payable from the special fund of the relief
 226.5 association is effective until it has been ratified ~~by the governing body or bodies of the~~
 226.6 ~~appropriate municipalities~~ as required under section 69.772, subdivision 6, or 69.773,
 226.7 subdivision 6. If the special fund of the relief association has a surplus over full funding
 226.8 under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is
 226.9 not required to provide financial support to the special fund under this section, the relief
 226.10 association may adopt or amend without municipal ratification its articles of incorporation
 226.11 or bylaws which increase or otherwise affect the service pensions or ancillary benefits
 226.12 payable from the special fund ~~so long as the changes do not cause the amount of the~~
 226.13 ~~resulting increase in the accrued liability of the special fund to exceed 90 percent of the~~
 226.14 ~~amount of the surplus over full funding reported in the prior year and the changes do not~~
 226.15 ~~result in the financial requirements of the special fund exceeding the expected amount~~
 226.16 ~~of the subsequent calendar year's fire state aid to be received by the relief association if~~
 226.17 authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

226.18 (c) If the relief association pays only a lump-sum pension, the financial requirements
 226.19 are to be determined by the board of trustees following the preparation of an estimate
 226.20 of the expected increase in the accrued liability and annual accruing liability of the
 226.21 relief association attributable to the change. If the relief association pays a monthly
 226.22 benefit service pension, the financial requirements are to be determined by the board of
 226.23 trustees following either an updated actuarial valuation including the proposed change
 226.24 or an estimate of the expected actuarial impact of the proposed change prepared by the
 226.25 actuary of the relief association. If a relief association adopts or amends its articles
 226.26 of incorporation or bylaws without municipal ratification under this subdivision, and,
 226.27 subsequent to the amendment or adoption, the financial requirements of the special fund
 226.28 under this section are such so as to require financial support from the municipality, the
 226.29 provision which was implemented without municipal ratification is no longer effective
 226.30 without municipal ratification, and any service pensions or ancillary benefits payable after
 226.31 that date must be paid only in accordance with the articles of incorporation or bylaws as
 226.32 amended or adopted with municipal ratification.

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

226.34 Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is
 226.35 amended to read:

227.1 Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements
227.2 from the special fund may not be made for any purpose other than one of the following:
227.3 (1) for the payment of service pensions to retired members of the relief association if
227.4 authorized and paid under law and the bylaws governing the relief association;
227.5 (2) for the purchase of an annuity for the applicable person under section 424A.015,
227.6 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
227.7 person's individual retirement account under section 424A.015, subdivision 4, or to the
227.8 applicable person's account in the Minnesota deferred compensation plan under section
227.9 424A.015, subdivision 5;
227.10 ~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled
227.11 members of the relief association if authorized and paid under law and specified in amount
227.12 in the bylaws governing the relief association;
227.13 ~~(3)~~ (4) for the payment of survivor benefits ~~to surviving spouses and surviving~~
227.14 ~~children, or if none, to designated beneficiaries, of deceased members of the relief~~
227.15 ~~association, and if no survivors and if no designated beneficiary, or~~ for the payment of a
227.16 death benefit to the estate of the deceased active or deferred firefighter, if authorized ~~by~~
227.17 and paid under law and specified in amount in the bylaws governing the relief association;
227.18 ~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State
227.19 Fire Department Association and to the Minnesota Area Relief Association Coalition in
227.20 order to entitle relief association members to membership in and the benefits of these
227.21 associations or organizations;
227.22 ~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters
227.23 Benefit Association, or an insurance company licensed by the state of Minnesota offering
227.24 casualty insurance, in order to entitle relief association members to membership in and the
227.25 benefits of the association or organization; and
227.26 ~~(6)~~ (7) for the payment of administrative expenses of the relief association as
227.27 authorized under section 69.80.
227.28 ~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association~~
227.29 ~~or for a combination lump-sum and monthly benefit volunteer fire relief association where~~
227.30 ~~a monthly benefit service pension has been elected by or a monthly benefit is payable with~~
227.31 ~~respect to a firefighter, a designated beneficiary must be a natural person. For purposes of~~
227.32 ~~this chapter, for a defined contribution volunteer fire relief association, for a lump-sum~~
227.33 ~~volunteer fire relief association, or for a combination lump-sum and monthly benefit~~
227.34 ~~volunteer fire relief association where a lump-sum service pension has been elected by~~
227.35 ~~or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary~~
227.36 ~~may be a trust created under chapter 501B.~~

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

228.2 Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding
228.3 a subdivision to read:

228.4 Subd. 3a. **Corrections of erroneous special fund deposits.** Upon notification
228.5 of funds deposited in error in the special fund and after presentation of evidence that
228.6 the error occurred in good faith, the state auditor may require the relief association to
228.7 provide a written legal opinion concluding that the transfer of funds from the special
228.8 fund is consistent with federal and state law. Taking into consideration the evidence of
228.9 good faith presented and the legal opinion, if any, provided, the state auditor may order
228.10 the transfer from the special fund to the appropriate fund or account an amount equal
228.11 to the funds deposited in error.

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

228.13 Sec. 13. **REPEALER.**

228.14 (a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is
228.15 repealed.

228.16 (b) Laws 2009, chapter 169, article 10, section 32, is repealed.

228.17 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

228.18 Paragraph (b) is effective retroactively from July 1, 2009.

228.19 **ARTICLE 14**

228.20 **ONE PERSON/SMALL GROUP PENSION ISSUES**

228.21 Section 1. **PERA-GENERAL; PURCHASE OF OMITTED INVER GROVE**
228.22 **HEIGHTS SCHOOL DISTRICT OMITTED MEMBER CONTRIBUTIONS.**

228.23 (a) Notwithstanding any provision of law to the contrary, an eligible person
228.24 described in paragraph (b) is entitled to purchase from the general employees retirement
228.25 plan of the Public Employees Retirement Association allowable service credit under
228.26 Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member
228.27 deductions described in paragraph (c).

228.28 (b) An eligible person is a person who:

228.29 (1) was born on April 17, 1948;

228.30 (2) is a current employee of Independent School District No. 199, Inver Grove
228.31 Heights;

229.1 (3) is a current member of the general employees retirement plan of the Public
229.2 Employees Retirement Association;

229.3 (4) was employed by Independent School District No. 199, Inver Grove Heights,
229.4 on August 26, 1985; and

229.5 (5) was not reported by Independent School District No. 199, Inver Grove Heights,
229.6 for retirement coverage by and membership in the general employees retirement plan of
229.7 the Public Employees Retirement Association until September 1, 1986.

229.8 (c) The period of uncredited service authorized for purchase is the period of August
229.9 26, 1985, until August 31, 1986, during which no member contributions for the general
229.10 employees retirement plan of the Public Employees Retirement Association were
229.11 deducted from the eligible person's salary by Independent School District No. 199, Inver
229.12 Grove Heights.

229.13 (d) The purchase payment amount payable by the eligible person is four percent of
229.14 the eligible person's salary under Minnesota Statutes 1984, section 353.01, subdivision
229.15 10, from Independent School District No. 199, Inver Grove Heights, during the period of
229.16 August 26, 1985, until August 31, 1986, plus annual compound interest on that amount at
229.17 the rate of 8.5 percent from March 1, 1986, until the date on which payment is made to
229.18 the Public Employees Retirement Association. The purchase payment amount payable
229.19 by Independent School District No. 199, Inver Grove Heights, is the balance of the full
229.20 actuarial value prior service credit purchase payment amount determined under Minnesota
229.21 Statutes, section 356.551, as of the first day of the month next following the receipt of the
229.22 eligible person's payment that is remaining after deducting the purchase payment amount
229.23 payable by the eligible person.

229.24 (e) The school district purchase payment amount payable under paragraph (d) must
229.25 be made on or before the 15th of the month next following the receipt of the eligible
229.26 person's payment under paragraph (d). If the school district purchase payment amount is
229.27 not paid in a timely fashion, the amount due accrues compound monthly interest at the
229.28 rate of 0.71 percent per month from the first day of the month next following the receipt
229.29 of the eligible person's payment until the school district purchase payment amount is
229.30 received by the Public Employees Retirement Association. If the school district purchase
229.31 payment amount is not paid to the Public Employees Retirement Association 90 days
229.32 after the receipt of the eligible person's payment, the executive director shall notify
229.33 the commissioner of management and budget, the commissioner of education, and the
229.34 commissioner of revenue of that unpaid obligation and the unpaid obligation must be
229.35 deducted from any state aid otherwise payable to the school district, plus interest.

230.1 (f) The eligible person must provide the executive director of the Public Employees
230.2 Retirement Association with any relevant requested information pertaining to this service
230.3 credit purchase.

230.4 (g) Authority to make a service credit purchase under this section expires on June
230.5 30, 2011, or upon the termination from public employment under Minnesota Statutes,
230.6 section 353.01, subdivision 11a, whichever occurs earlier.

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

230.8 Sec. 2. **TEACHERS RETIREMENT ASSOCIATION; SECOND CHANCE**
230.9 **RETIREMENT COVERAGE AUTHORITY FOR IRAP MEMBER.**

230.10 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352, 353, or
230.11 354B or section 356.551 to the contrary, an eligible person described in paragraph (b) is
230.12 entitled to elect retirement coverage for Minnesota State Colleges and Universities System
230.13 employment by the Teachers Retirement Association under Minnesota Statutes, section
230.14 354B.21, subdivisions 2 and 3, despite the time limitation on the election.

230.15 (b) An eligible person is a person who:

230.16 (1) was born on July 19, 1948;

230.17 (2) was employed by Mankato State University in 1969, with retirement coverage in
230.18 the general state employees retirement plan of the Minnesota State Retirement System, for
230.19 which a refund of member contributions and interest was taken before 2007;

230.20 (3) was employed by the city of Austin in the early 1980s, with retirement coverage
230.21 in the general employees retirement plan of the Public Employees Retirement Association,
230.22 for which a refund of member contributions and interest was taken before 2007;

230.23 (4) is employed by the Minnesota State Colleges and Universities System at
230.24 Riverland Community College; and

230.25 (5) had the person's employment position upgraded by the Minnesota State Colleges
230.26 and Universities System on September 9, 2007, and had retirement coverage transferred
230.27 by operation of law to the higher education individual retirement account plan.

230.28 (c) An election to change retirement coverage from the Minnesota State Colleges
230.29 and Universities System individual retirement account plan to the Teachers Retirement
230.30 Association must be made by July 1, 2010, and is retroactive to September 9, 2007. If
230.31 the election is made, Minnesota Statutes, section 356.551, applies to the purchase of
230.32 past service except for subdivision 1, paragraph (c), of that provision, which requires
230.33 all refunds to be paid before the service credit purchase. The eligible person's account
230.34 in the individual retirement account plan must be liquidated by transfer to the Teachers
230.35 Retirement Association fund by August 1, 2010, and used to cover part of the service

231.1 credit purchase payment amount. Any remaining payment amount must be paid in a lump
231.2 sum to the executive director of the Teachers Retirement Association for deposit in the
231.3 Teachers Retirement Association fund by September 1, 2010. Retroactive service credit
231.4 in the Teachers Retirement Association must be granted to the eligible person once the
231.5 transfers and payments required under this paragraph have been made.

231.6 (d) If an eligible person under paragraph (b) elects Teachers Retirement Association
231.7 coverage but fails to make the full payment required under paragraph (c), the election of
231.8 Teachers Retirement Association coverage is voided and the individual retains coverage
231.9 by the Minnesota State Colleges and Universities System individual retirement account
231.10 plan. If amounts were transferred under paragraph (c) from the individual retirement
231.11 account plan, those amounts must be returned to the individual's account or accounts
231.12 under that plan.

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

231.14 **ARTICLE 15**

231.15 **MISCELLANEOUS PROVISIONS**

231.16 Section 1. **[352.016] UNIVERSITY OF MINNESOTA EMPLOYEES;**
231.17 **FURLOUGH SERVICE AND SALARY CREDIT.**

231.18 A furloughed employee of the University of Minnesota who is a member of the
231.19 general state employees retirement plan of the Minnesota State Retirement System
231.20 may obtain allowable service credit and salary credit for the furlough period. The
231.21 allowable service and salary credit authorization under this section is a leave of absence
231.22 authorization for purposes of section 352.017 and the purchase payment procedure of
231.23 section 352.017, subdivision 2, applies.

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

231.25 Sec. 2. **[353.012] UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH**
231.26 **SERVICE AND SALARY CREDIT.**

231.27 A furloughed employee of the University of Minnesota who is a member of the
231.28 public employees police and fire plan may obtain allowable service and salary credit
231.29 for the furlough period. The allowable service and salary credit authorization is a leave
231.30 of absence authorization for purposes of section 353.0161 and the purchase payment
231.31 procedure of section 353.0161, subdivision 2, applies.

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

232.1 Sec. 3. Minnesota Statutes 2008, section 356.216, is amended to read:

232.2 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE**
232.3 **AND FIRE FUNDS.**

232.4 (a) The provisions of section 356.215 that govern the contents of actuarial valuations
232.5 must apply to any local police or fire pension fund or relief association required to make
232.6 an actuarial report under this section, except as follows:

232.7 (1) in calculating normal cost and other requirements, if required to be expressed as
232.8 a level percentage of covered payroll, the salaries used in computing covered payroll must
232.9 be the maximum rate of salary on which retirement and survivorship credits and amounts
232.10 of benefits are determined and from which any member contributions are calculated and
232.11 deducted;

232.12 (2) in lieu of the amortization date specified in section 356.215, subdivision 11,
232.13 the appropriate amortization target date specified in section 69.77, subdivision 4, or
232.14 69.773, subdivision 4, clause (c), must be used in calculating any required amortization
232.15 contribution, except that if the actuarial report for the Bloomington Fire Department Relief
232.16 Association indicates an unfunded actuarial accrued liability, the unfunded obligation is
232.17 to be amortized on a level dollar basis by December 31 of the year occurring 20 years
232.18 later, and if subsequent actuarial valuations for the Bloomington Fire Department Relief
232.19 Association determine a net actuarial experience loss incurred during the year which
232.20 ended as of the day before the most recent actuarial valuation date, any unfunded liability
232.21 due to that loss is to be amortized on a level dollar basis by December 31 of the year
232.22 occurring 20 years later and except that the amortization date for the Minneapolis Police
232.23 Relief Association is December 31, 2020;

232.24 (3) in addition to the tabulation of active members and annuitants provided for in
232.25 section 356.215, subdivision 13, the member contributions for active members for the
232.26 calendar year and the prospective annual retirement annuities under the benefit plan for
232.27 active members must be reported;

232.28 (4) actuarial valuations required under section 69.773, subdivision 2, must be made
232.29 at least every four years and actuarial valuations required under section 69.77 shall be
232.30 made annually;

232.31 (5) the actuarial balance sheet showing accrued assets valued at market value if the
232.32 actuarial valuation is required to be prepared at least every four years or valued as current
232.33 assets under section 356.215, subdivision 1, ~~clause (6) paragraph (f)~~, or paragraph (b),
232.34 whichever applies, if the actuarial valuation is required to be prepared annually, actuarial
232.35 accrued liabilities, and the unfunded actuarial accrued liability must include the following
232.36 required reserves:

233.1 (i) for active members:

233.2 1. retirement benefits;

233.3 2. disability benefits;

233.4 3. refund liability due to death or withdrawal;

233.5 4. survivors' benefits;

233.6 (ii) for deferred annuitants' benefits;

233.7 (iii) for former members without vested rights;

233.8 (iv) for annuitants;

233.9 1. retirement annuities;

233.10 2. disability annuities;

233.11 3. surviving spouses' annuities;

233.12 4. surviving children's annuities;

233.13 In addition to those required reserves, separate items must be shown for additional
233.14 benefits, if any, which may not be appropriately included in the reserves listed above; and

233.15 (6) actuarial valuations are due by the first day of the seventh month after the end of
233.16 the fiscal year which the actuarial valuation covers.

233.17 (b) For the Minneapolis Firefighters Relief Association or the Minneapolis Police
233.18 Relief Association, the following provisions additionally apply:

233.19 (1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability,
233.20 and amortization contribution of the relief association, "current assets" means the value of
233.21 all assets at cost, including realized capital gains and losses, plus or minus, whichever
233.22 applies, the average value of total unrealized capital gains or losses for the most recent
233.23 three-year period ending with the end of the plan year immediately preceding the actuarial
233.24 valuation report transmission date; and

233.25 (2) in calculating the applicable portions of the actuarial valuation, an annual
233.26 preretirement interest assumption of six percent, an annual postretirement interest
233.27 assumption of six percent, and an annual salary increase assumption of four percent must
233.28 be used.

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

233.30 Sec. 4. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

233.31 Subdivision 1. **Restriction; exceptions.** (a) It is unlawful for a school district
233.32 or other governmental subdivision or state agency to levy taxes for, or to contribute
233.33 public funds to a supplemental pension or deferred compensation plan that is established,
233.34 maintained, and operated in addition to a primary pension program for the benefit of the
233.35 governmental subdivision employees other than:

234.1 (1) to a supplemental pension plan that was established, maintained, and operated
234.2 before May 6, 1971;

234.3 (2) to a plan that provides solely for group health, hospital, disability, or death
234.4 benefits;

234.5 (3) to the individual retirement account plan established by chapter 354B;

234.6 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring
234.7 or terminating employee;

234.8 (5) for employees other than personnel employed by the Board of Trustees of the
234.9 Minnesota State Colleges and Universities and covered under the Higher Education
234.10 Supplemental Retirement Plan under chapter 354C, but including city managers covered
234.11 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
234.12 (a), or by the defined contribution plan of the Public Employees Retirement Association
234.13 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
234.14 provided for in a personnel policy of the public employer or in the collective bargaining
234.15 agreement between the public employer and the exclusive representative of public
234.16 employees in an appropriate unit or in the individual employment contract between a city
234.17 and a city manager, and if for each available investment all fees and historic rates of return
234.18 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
234.19 easily comprehended document not to exceed two pages, in an amount matching employee
234.20 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
234.21 one-half of the available elective deferral permitted per year per employee, under the
234.22 Internal Revenue Code:

234.23 (i) to the state of Minnesota deferred compensation plan under section 352.965;

234.24 (ii) in payment of the applicable portion of the contribution made to any investment
234.25 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
234.26 complied with any applicable pension plan provisions of the Internal Revenue Code with
234.27 respect to the tax-sheltered annuity program during the preceding calendar year; or

234.28 (iii) any other deferred compensation plan offered by the employer under section
234.29 457 of the Internal Revenue Code;

234.30 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
234.31 and Universities and not covered by clause (5), to the supplemental retirement plan under
234.32 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
234.33 or in the collective bargaining agreement of the public employer with the exclusive
234.34 representative of the covered employees in an appropriate unit, in an amount matching
234.35 employee contributions on a dollar for dollar basis, but not to exceed an employer
234.36 contribution of \$2,700 a year for each employee;

235.1 (7) to a supplemental plan or to a governmental trust to save for postretirement
235.2 health care expenses qualified for tax-preferred treatment under the Internal Revenue
235.3 Code, if the supplemental plan coverage is provided for in a personnel policy or in the
235.4 collective bargaining agreement of a public employer with the exclusive representative of
235.5 the covered employees in an appropriate unit;

235.6 (8) to the laborers national industrial pension fund or to a laborers local pension
235.7 fund for the employees of a governmental subdivision who are covered by a collective
235.8 bargaining agreement that provides for coverage by that fund and that sets forth a fund
235.9 contribution rate, but not to exceed an employer contribution of \$5,000 per year per
235.10 employee;

235.11 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
235.12 pipefitters local pension fund for the employees of a governmental subdivision who are
235.13 covered by a collective bargaining agreement that provides for coverage by that fund and
235.14 that sets forth a fund contribution rate, but not to exceed an employer contribution of
235.15 \$5,000 per year per employee;

235.16 (10) to the international union of operating engineers pension fund for the employees
235.17 of a governmental subdivision who are covered by a collective bargaining agreement that
235.18 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
235.19 exceed an employer contribution of \$5,000 per year per employee;

235.20 (11) to a supplemental plan organized and operated under the federal Internal
235.21 Revenue Code, as amended, that is wholly and solely funded by the employee's
235.22 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

235.23 (12) to the International Association of Machinists national pension fund for the
235.24 employees of a governmental subdivision who are covered by a collective bargaining
235.25 agreement that provides for coverage by that fund and that sets forth a fund contribution
235.26 rate, but not to exceed an employer contribution of \$5,000 per year per employee; ~~or~~

235.27 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
235.28 deferred compensation program, if the employee makes a contribution, in an amount that
235.29 does not exceed the total percentage of covered salary under section 353.27, subdivisions
235.30 3 and 3a; or

235.31 (14) to the alternative retirement plans established by the Hennepin County Medical
235.32 Center under section 383B.914, subdivision 5.

235.33 (b) No governmental subdivision may make a contribution to a deferred
235.34 compensation plan operating under section 457 of the Internal Revenue Code for volunteer
235.35 or emergency on-call firefighters in lieu of providing retirement coverage under the federal
235.36 Old Age, Survivors, and Disability Insurance Program.

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

236.2 Sec. 5. Laws 2009, chapter 169, article 7, section 4, is amended to read:

236.3 Sec. 4. **EFFECTIVE DATE.**

236.4 Sections 1 to 3 are effective January 1, 2010, ~~and~~ Sections 1 and 2 expire June
236.5 30, 2011.

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

236.7 Delete the title and insert:

236.8 "A bill for an act
236.9 relating to retirement; various retirement plans; increasing certain contribution
236.10 rates; suspending certain post-retirement adjustments; reducing certain
236.11 postretirement adjustment increase rates; suspending certain postretirement
236.12 adjustments temporarily; reducing interest rates on refunds; reducing deferred
236.13 annuity augmentation rates; eliminating interest on reemployed annuitant
236.14 earnings limitation deferred accounts; increasing certain vesting requirements;
236.15 increasing certain early retirement reduction rates; reducing certain benefit
236.16 accrual rates; extending certain amortization periods; making changes of an
236.17 administrative nature for retirement plans administered by the Minnesota
236.18 State Retirement Association; revising insurance withholding for certain
236.19 retired public employees; authorizing state patrol plan service credit for leave
236.20 procedures; addressing plan coverage errors and omitted contributions; revising
236.21 unlawful discharge annuity repayment requirements; requiring employment
236.22 unit accommodation of daily valuation of investment accounts; eliminating
236.23 administrative fee maximum for the unclassified state employees retirement
236.24 program; making changes of an administrative nature in the general employees
236.25 retirement plan of the Public Employees Retirement Association, the public
236.26 employees police and fire retirement plan, and the defined contribution retirement
236.27 plan; making various administrative modifications in the voluntary statewide
236.28 lump-sum volunteer firefighter retirement plan of the Public Employees
236.29 Retirement Association; revising purchase of salary credit procedures in certain
236.30 partial salary situations; adding new partial salary credit purchase authority for
236.31 partial paid medical leaves and budgetary leaves; redefining TRA allowable
236.32 service credit; defining annual base salary; requiring base salary reporting by
236.33 TRA-covered employing units; making changes of an administrative nature in the
236.34 Minnesota State Colleges and Universities System individual retirement account
236.35 plan; setting deadline dates for actuarial reporting; extending and revising an
236.36 early retirement incentive program; permitting the court-ordered revocation of
236.37 an optional annuity election in certain marriage dissolutions; transfer of the
236.38 administrative functions of the Minneapolis Employees Retirement Fund to the
236.39 Public Employees Retirement Association; creation of MERF consolidation
236.40 account within the Public Employees Retirement Association; making various
236.41 technical corrections relating to volunteer fire relief associations; revising
236.42 break-in-service return to firefighting authorizations; authorizing Minnesota
236.43 deferred compensation plan service pension transfers; revising payout defaults
236.44 in survivor benefits; authorizing corrections of certain special fund deposits;
236.45 requiring a retirement fund investment authority study; authorizing certain
236.46 service and salary credit for furloughs; allowing election of coverage by
236.47 legislative members; requiring a deferred contribution plan study; requiring
236.48 a defined contribution plan study; authorizing certain bylaw amendments;
236.49 making technical changes; appropriating money; amending Minnesota Statutes
236.50 2008, sections 3A.02, subdivision 4; 11A.04; 11A.23, subdivision 4; 13D.01,
236.51 subdivision 1; 43A.17, subdivision 9; 43A.316, subdivision 8; 69.021,

237.1 subdivision 10; 69.051, subdivision 3; 126C.41, subdivision 3; 256D.21;
 237.2 352.01, subdivision 2a; 352.03, subdivision 4; 352.04, subdivision 9; 352.113,
 237.3 subdivision 1; 352.115, subdivisions 1, 10; 352.12, subdivision 2; 352.22,
 237.4 subdivisions 2, 3; 352.72, subdivisions 1, 2; 352.91, by adding a subdivision;
 237.5 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1; 352.965, subdivisions 1,
 237.6 2, 6; 352B.02, as amended; 352B.08, subdivisions 1, 2a; 352B.11, subdivision
 237.7 2b; 352B.30, subdivisions 1, 2; 352D.015, subdivisions 4, 9, by adding a
 237.8 subdivision; 352D.02, subdivisions 1c, 2, 3; 352D.03; 352D.04, subdivisions 1,
 237.9 2; 352D.05, subdivisions 3, 4; 352D.06, subdivision 3; 352D.065, subdivision
 237.10 3; 352D.09, subdivisions 3, 7; 352F.07; 353.01, subdivisions 2b, 2d, by adding
 237.11 subdivisions; 353.0161, subdivision 2; 353.03, subdivision 1; 353.05; 353.27, as
 237.12 amended; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32, subdivisions 1,
 237.13 1a; 353.34, subdivisions 1, 2, 3, 6; 353.37, subdivisions 1, 2, 3, 3a, 4, 5; 353.46,
 237.14 subdivisions 2, 6; 353.64, subdivision 7; 353.651, subdivisions 1, 4; 353.657,
 237.15 subdivisions 1, 2a; 353.71, subdivisions 1, 2, 4; 353.86, subdivisions 1, 2; 353.87,
 237.16 subdivisions 1, 2; 353.88; 353D.01, subdivision 2; 353D.03, subdivision 1;
 237.17 353D.04, subdivisions 1, 2; 353E.04, subdivisions 1, 4; 353E.07, subdivisions 1,
 237.18 2; 353F.025, subdivisions 1, 2; 353F.03; 354.05, by adding a subdivision; 354.07,
 237.19 subdivision 5; 354.091; 354.42, subdivisions 3, 7, by adding subdivisions;
 237.20 354.52, subdivision 6, by adding a subdivision; 354.66, subdivision 3; 354.71;
 237.21 354A.011, subdivision 27; 354A.12, subdivisions 1, 3c, by adding a subdivision;
 237.22 354A.27, subdivisions 5, 6, by adding a subdivision; 354A.31, subdivision 1;
 237.23 354A.35, subdivision 1; 354A.37, subdivisions 2, 3, 4; 354A.39; 354B.25,
 237.24 subdivisions 1, 3; 354C.14; 355.095, subdivision 1; 356.214, subdivision 1;
 237.25 356.215, subdivisions 3, 8; 356.216; 356.24, subdivision 1; 356.30, subdivisions
 237.26 1, 3; 356.302, subdivisions 1, 3, 4, 5, 7; 356.303, subdivisions 2, 4; 356.315,
 237.27 subdivision 5; 356.407, subdivision 2; 356.431, subdivision 1; 356.465,
 237.28 subdivision 3; 356.47, subdivision 3; 356.50, subdivision 4; 356.64; 356.65,
 237.29 subdivision 2; 356.91; 356.96, subdivisions 2, 3, 7, 8; 356A.06, subdivision 8;
 237.30 422A.101, subdivision 3; 422A.26; 473.511, subdivision 3; 473.606, subdivision
 237.31 5; 475.52, subdivision 6; 490.123, by adding a subdivision; 518.58, subdivisions
 237.32 3, 4; Minnesota Statutes 2009 Supplement, sections 6.67; 69.011, subdivision
 237.33 1; 69.031, subdivision 5; 69.772, subdivision 6; 69.773, subdivision 6; 352.01,
 237.34 subdivision 2b; 352.75, subdivision 4; 352.95, subdivision 2; 352B.011,
 237.35 subdivision 3; 353.01, subdivisions 2, 2a, 16; 353.06; 353.27, subdivisions
 237.36 2, 3, 7; 353.33, subdivision 1; 353.371, subdivision 4; 353.65, subdivisions
 237.37 2, 3; 353F.02, subdivision 4; 353G.05, subdivision 2; 353G.06, subdivision
 237.38 1; 353G.08; 353G.09, subdivision 3; 353G.11, subdivision 1, by adding a
 237.39 subdivision; 354.42, subdivision 2; 354.47, subdivision 1; 354.49, subdivision
 237.40 2; 354.52, subdivision 4b; 354.55, subdivision 11; 354A.12, subdivision 2a;
 237.41 356.20, subdivision 2; 356.215, subdivision 11; 356.32, subdivision 2; 356.401,
 237.42 subdivision 3; 356.415, subdivisions 1, 2, by adding subdivisions; 356.96,
 237.43 subdivisions 1, 5; 423A.02, subdivision 3; 424A.01, subdivisions 1, 6; 424A.015,
 237.44 by adding a subdivision; 424A.016, subdivisions 4, 7; 424A.02, subdivisions
 237.45 9, 10; 424A.05, subdivision 3, by adding a subdivision; 424A.08; 480.181,
 237.46 subdivision 2; Laws 2009, chapter 169, article 4, section 49; article 5, section 2;
 237.47 article 7, section 4; proposing coding for new law in Minnesota Statutes, chapters
 237.48 352; 352B; 353; 353G; 356; repealing Minnesota Statutes 2008, sections 13.63,
 237.49 subdivision 1; 69.011, subdivision 2a; 352.91, subdivision 5; 353.01, subdivision
 237.50 40; 353.46, subdivision 1a; 353.88; 353D.03, subdivision 2; 353D.12; 354A.27,
 237.51 subdivision 1; 354C.15; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9,
 237.52 10, 11, 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1,
 237.53 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1, 2, 3, 5, 6, 7; 422A.08,
 237.54 subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2, 2a; 422A.11;
 237.55 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151; 422A.155;
 237.56 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 422A.17; 422A.18,
 237.57 subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21; 422A.22, subdivisions
 237.58 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, 12; 422A.231;

238.1 422A.24; 422A.25; Minnesota Statutes 2009 Supplement, sections 422A.06,
238.2 subdivision 8; 422A.08, subdivision 5; 424A.001, subdivision 6; Laws 2009,
238.3 chapter 169, article 10, section 32."

239.1 We request the adoption of this report and repassage of the bill.

239.2 Senate Conferees:

239.3
239.4 Don Betzold Sandra Pappas

239.5
239.6 Ann Lynch Steve Dille

239.7
239.8 Linda Higgins

239.9 House Conferees:

239.10
239.11 Mary Murphy Michael V. Nelson

239.12
239.13 Phyllis Kahn Paul Thissen

239.14
239.15 Steve Smith