

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-SEVENTH LEGISLATURE**      **S.F. No. 1808**

(SENATE AUTHORS: ROSEN)

DATE	D-PG	OFFICIAL STATUS
02/13/2012	3798	Introduction and first reading Referred to State Government Innovation and Veterans
03/23/2012	4941a	Comm report: To pass as amended
	5141	Second reading
03/28/2012	5257	General Orders: Stricken and re-referred to Finance
03/29/2012	5307a	Comm report: To pass as amended
	5413	Second reading
04/16/2012	5859	Special Order
	5859	Third reading Passed
05/03/2012	6992	Returned from House Presentment date 05/07/12
	7667	Governor's action Approval 05/10/12
	7667	Secretary of State Chapter 286 05/10/12 Effective date Various Dates

A bill for an act

1.1 relating to retirement; statewide and local retirement plans; revising certain  
1.2 statutory actuarial assumptions; requiring comprehensive annual retirement  
1.3 plan fund reporting by Minnesota Management and Budget, modifying  
1.4 various Department of Human Services employment classifications eligible  
1.5 for correctional retirement coverage; modifying certain health care savings  
1.6 plan provisions; clarifying transfer eligibility for the unclassified state  
1.7 employees retirement program; making various modifications in retirement  
1.8 plans administered by the Public Employees Retirement Association, making  
1.9 various revisions in the public employees privatization law; making various  
1.10 administrative changes in the Teachers Retirement Association law, including  
1.11 revising state and local aid programs inherited from the former Minneapolis  
1.12 Teachers Retirement Fund Association; making various modifications to conform  
1.13 with the federal Internal Revenue Code retirement plan requirements; updating  
1.14 the public pension fund investment laws, merging the Fairmont Police Relief  
1.15 Association and the Virginia fire consolidation account with the public employees  
1.16 police and fire retirement plan; making various volunteer fire retirement  
1.17 law changes; and making various small group or single person retirement  
1.18 authorizations; amending Minnesota Statutes 2010, sections 11A.07, subdivision  
1.19 4; 11A.14, subdivision 14; 11A.24; 16A.06, subdivision 9; 69.011, subdivision  
1.20 1; 69.051, subdivisions 1, 1a, 3; 69.77, subdivision 9; 69.772, subdivision 4;  
1.21 69.773, subdivision 5; 69.775; 69.80; 126C.41, subdivision 3; 352.90; 352.91,  
1.22 subdivisions 3c, 3d, 3e, 3f; 352.98, subdivisions 3, 4, 5, 8; 352D.02, subdivision  
1.23 3; 353.01, subdivision 47; 353.50, subdivision 7; 353.656, subdivision 2;  
1.24 353F.02, subdivision 4; 353F.04, subdivision 1; 353F.07; 353G.08, by adding a  
1.25 subdivision; 354.51, subdivision 5; 354A.08; 354A.12, subdivision 3c; 356.215,  
1.26 subdivisions 1, 11; 356.219, subdivisions 1, 8; 356.415, subdivision 1d; 356.611,  
1.27 subdivisions 2, 3, 3a, 4, by adding a subdivision; 356.635, subdivisions 6, 9;  
1.28 356A.01, subdivision 19; 356A.06, subdivisions 6, 7; 423A.02, subdivision 3;  
1.29 424A.001, subdivision 4; 424A.01, subdivision 6; 424A.016, subdivisions 5, 6;  
1.30 424A.02, subdivisions 1, 7, 9; 424A.04, subdivision 3; 424A.06, subdivision  
1.31 2; Minnesota Statutes 2011 Supplement, sections 69.77, subdivisions 1a, 4;  
1.32 353.01, subdivisions 2a, 6, 16; 353.668, subdivision 4; 356.215, subdivision 8;  
1.33 Laws 2002, chapter 392, article 1, section 8; proposing coding for new law in  
1.34 Minnesota Statutes, chapters 16A; 353; 354; repealing Minnesota Statutes 2010,  
1.35 sections 128D.18; 354A.12, subdivision 3b; 356.219, subdivision 4; 423A.06;  
1.36 Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15; 16;  
1.37 17; 18; 19; 21; 22; Laws 1953, chapter 399, as amended; Laws 1961, chapter 420,  
1.38 sections 2, as amended; 3; 4; 5, as amended; 6; Laws 1963, chapter 407, section  
1.39

2.1 1, as amended; Laws 1963, chapter 423; Laws 1965, chapter 546, sections 1; 2,  
2.2 as amended; 3; Laws 1969, chapter 578, sections 1; 2; 3; Laws 1974, chapter  
2.3 183, as amended; Laws 1982, chapter 574, section 1; Laws 1982, chapter 578,  
2.4 article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984, chapter 547,  
2.5 section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988, chapter  
2.6 709, sections 1, as amended; 2; Laws 1991, chapter 62, sections 1; 2; Laws 1992,  
2.7 chapter 465, section 1; Laws 1999, chapter 222, article 3, sections 3; 4; 5.

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

2.9 **ARTICLE 1**

2.10 **STATUTORY ACTUARIAL ASSUMPTION AND CONFORMING CHANGES**

2.11 Section 1. Minnesota Statutes 2010, section 356.215, subdivision 1, is amended to read:

2.12 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to  
2.13 356.23, each of the terms in the following paragraphs has the meaning given.

2.14 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained  
2.15 under section 356.214 if so required under section 3.85, or otherwise, by an approved  
2.16 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit  
2.17 plan, according to the entry age actuarial cost method and based upon stated assumptions  
2.18 including, but not limited to rates of interest, mortality, salary increase, disability,  
2.19 withdrawal, and retirement and to determine the payment necessary to amortize over a  
2.20 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial  
2.21 valuation of the benefit plan.

2.22 (c) "Approved actuary" means a person who is regularly engaged in the business of  
2.23 providing actuarial services and who is a fellow in the Society of Actuaries.

2.24 (d) "Entry age actuarial cost method" means an actuarial cost method under which  
2.25 the actuarial present value of the projected benefits of each individual currently covered  
2.26 by the benefit plan and included in the actuarial valuation is allocated on a level basis over  
2.27 the service of the individual, if the benefit plan is governed by section 69.773, or over the  
2.28 earnings of the individual, if the benefit plan is governed by any other law, between the  
2.29 entry age and the assumed exit age, with the portion of the actuarial present value which is  
2.30 allocated to the valuation year to be the normal cost and the portion of the actuarial present  
2.31 value not provided for at the valuation date by the actuarial present value of future normal  
2.32 costs to be the actuarial accrued liability, with aggregation in the calculation process to be  
2.33 the sum of the calculated result for each covered individual and with recognition given to  
2.34 any different benefit formulas which may apply to various periods of service.

2.35 (e) "Experience study" means a report providing experience data and an actuarial  
2.36 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are  
2.37 based.

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3.1 (f) "Actuarial value of assets" means:

3.2 ~~(1) For the July 1, 2009, actuarial valuation, the market value of all assets as of~~  
3.3 ~~June 30, 2009, reduced by:~~

3.4 ~~(i) 20 percent of the difference between the actual net change in the market value of~~  
3.5 ~~assets other than the Minnesota postretirement investment fund between June 30, 2006,~~  
3.6 ~~and June 30, 2005, and the computed increase in the market value of assets other than the~~  
3.7 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
3.8 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
3.9 ~~assumption used in the actuarial valuation for July 1, 2005;~~

3.10 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~  
3.11 ~~assets other than the Minnesota postretirement investment fund between June 30, 2007,~~  
3.12 ~~and June 30, 2006, and the computed increase in the market value of assets other than the~~  
3.13 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
3.14 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
3.15 ~~assumption used in the actuarial valuation for July 1, 2006;~~

3.16 ~~(iii) 60 percent of the difference between the actual net change in the market value~~  
3.17 ~~of assets other than the Minnesota postretirement investment fund between June 30, 2008,~~  
3.18 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~  
3.19 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
3.20 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
3.21 ~~assumption used in the actuarial valuation for July 1, 2007;~~

3.22 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~  
3.23 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~  
3.24 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~  
3.25 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
3.26 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
3.27 ~~assumption used in the actuarial valuation for July 1, 2008; and~~

3.28 ~~(v) if applicable, 80 percent of the difference between the actual net change in the~~  
3.29 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~  
3.30 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~  
3.31 ~~year period if the assets had increased at 8.5 percent annually.~~

3.32 ~~(2) For the July 1, 2010, actuarial valuation, the market value of all assets as of~~  
3.33 ~~June 30, 2010, reduced by:~~

3.34 ~~(i) 20 percent of the difference between the actual net change in the market value of~~  
3.35 ~~assets other than the Minnesota postretirement investment fund between June 30, 2007,~~  
3.36 ~~and June 30, 2006, and the computed increase in the market value of assets other than the~~

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4.1 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
4.2 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
4.3 ~~assumption used in the actuarial valuation for July 1, 2006;~~

4.4 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~  
4.5 ~~assets other than the Minnesota postretirement investment fund between June 30, 2008,~~  
4.6 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~  
4.7 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
4.8 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
4.9 ~~assumption used in the actuarial valuation for July 1, 2007;~~

4.10 ~~(iii) 60 percent of the difference between the actual net change in the market value~~  
4.11 ~~of assets other than the Minnesota postretirement investment fund between June 30, 2009,~~  
4.12 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~  
4.13 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
4.14 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
4.15 ~~assumption used in the actuarial valuation for July 1, 2008;~~

4.16 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~  
4.17 ~~total assets between June 30, 2010, and June 30, 2009, and the computed increase in the~~  
4.18 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~  
4.19 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~  
4.20 ~~in the actuarial valuation for July 1, 2009; and~~

4.21 ~~(v) if applicable, 60 percent of the difference between the actual net change in the~~  
4.22 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~  
4.23 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~  
4.24 ~~year period if the assets had increased at 8.5 percent annually.~~

4.25 ~~(3) For the July 1, 2011, actuarial valuation, the market value of all assets as of~~  
4.26 ~~June 30, 2011, reduced by:~~

4.27 ~~(i) 20 percent of the difference between the actual net change in the market value of~~  
4.28 ~~assets other than the Minnesota postretirement investment fund between June 30, 2008,~~  
4.29 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~  
4.30 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
4.31 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
4.32 ~~assumption used in the actuarial valuation for July 1, 2007;~~

4.33 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~  
4.34 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~  
4.35 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~  
4.36 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~

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5.1 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
5.2 ~~assumption used in the actuarial valuation for July 1, 2008;~~

5.3 ~~(iii) 60 percent of the difference between the actual net change in the market value~~  
5.4 ~~of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in~~  
5.5 ~~the market value of the total assets over that fiscal year period if the assets had earned~~  
5.6 ~~a rate of return on assets equal to the annual percentage preretirement interest rate~~  
5.7 ~~assumption used in the actuarial valuation for July 1, 2009;~~

5.8 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~  
5.9 ~~total assets between June 30, 2011, and June 30, 2010, and the computed increase in the~~  
5.10 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~  
5.11 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~  
5.12 ~~in the actuarial valuation for July 1, 2010; and~~

5.13 ~~(v) if applicable, 40 percent of the difference between the actual net change in the~~  
5.14 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~  
5.15 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~  
5.16 ~~year period if the assets had increased at 8.5 percent annually.~~

5.17 ~~(4)~~ (1) For the July 1, 2012, actuarial valuation, the market value of all assets as of  
5.18 June 30, 2012, reduced by:

5.19 (i) 20 percent of the difference between the actual net change in the market value of  
5.20 assets other than the Minnesota postretirement investment fund between June 30, 2009,  
5.21 and June 30, 2008, and the computed increase in the market value of assets other than the  
5.22 Minnesota postretirement investment fund over that fiscal year period if the assets had  
5.23 earned a rate of return on assets equal to the annual percentage preretirement interest rate  
5.24 assumption used in the actuarial valuation for July 1, 2008;

5.25 (ii) 40 percent of the difference between the actual net change in the market value of  
5.26 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the  
5.27 market value of total assets over that fiscal year period if the assets had earned a rate of  
5.28 return on assets equal to the annual percentage preretirement interest rate assumption used  
5.29 in the actuarial valuation for July 1, 2009;

5.30 (iii) 60 percent of the difference between the actual net change in the market value  
5.31 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the  
5.32 market value of total assets over that fiscal year period if the assets had earned a rate of  
5.33 return on assets equal to the annual percentage preretirement interest rate assumption used  
5.34 in the actuarial valuation for July 1, 2010;

5.35 (iv) 80 percent of the difference between the actual net change in the market value of  
5.36 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the

6.1 market value of total assets over that fiscal year period if the assets had earned a rate of  
6.2 return on assets equal to the annual percentage preretirement interest rate assumption used  
6.3 in the actuarial valuation for July 1, 2011; and

6.4 (v) if applicable, 20 percent of the difference between the actual net change in the  
6.5 market value of the Minnesota postretirement investment fund between June 30, 2009,  
6.6 and June 30, 2008, and the computed increase in the market value of assets over that fiscal  
6.7 year period if the assets had increased at 8.5 percent annually.

6.8 ~~(5)~~ (2) For the July 1, 2013, and following actuarial valuations, the market value of  
6.9 all assets as of the preceding June 30, reduced by:

6.10 (i) 20 percent of the difference between the actual net change in the market value  
6.11 of total assets between the June 30 that occurred three years earlier and the June 30 that  
6.12 occurred four years earlier and the computed increase in the market value of total assets  
6.13 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
6.14 annual percentage preretirement interest rate assumption used in the actuarial valuation  
6.15 for the July 1 that occurred four years earlier;

6.16 (ii) 40 percent of the difference between the actual net change in the market value  
6.17 of total assets between the June 30 that occurred two years earlier and the June 30 that  
6.18 occurred three years earlier and the computed increase in the market value of total assets  
6.19 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
6.20 annual percentage preretirement interest rate assumption used in the actuarial valuation  
6.21 for the July 1 that occurred three years earlier;

6.22 (iii) 60 percent of the difference between the actual net change in the market value  
6.23 of total assets between the June 30 that occurred one year earlier and the June 30 that  
6.24 occurred two years earlier and the computed increase in the market value of total assets  
6.25 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
6.26 annual percentage preretirement interest rate assumption used in the actuarial valuation  
6.27 for the July 1 that occurred two years earlier; and

6.28 (iv) 80 percent of the difference between the actual net change in the market value  
6.29 of total assets between the most recent June 30 and the June 30 that occurred one year  
6.30 earlier and the computed increase in the market value of total assets over that fiscal year  
6.31 period if the assets had earned a rate of return on assets equal to the annual percentage  
6.32 preretirement interest rate assumption used in the actuarial valuation for the July 1 that  
6.33 occurred one year earlier.

6.34 (g) "Unfunded actuarial accrued liability" means the total current and expected  
6.35 future benefit obligations, reduced by the sum of the actuarial value of assets and the  
6.36 present value of future normal costs.

7.1 (h) "Pension benefit obligation" means the actuarial present value of credited  
 7.2 projected benefits, determined as the actuarial present value of benefits estimated to be  
 7.3 payable in the future as a result of employee service attributing an equal benefit amount,  
 7.4 including the effect of projected salary increases and any step rate benefit accrual rate  
 7.5 differences, to each year of credited and expected future employee service.

7.6 EFFECTIVE DATE. This section is effective July 1, 2012.

7.7 Sec. 2. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is  
 7.8 amended to read:

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

7.12 (1) select and ultimate interest rate assumption

7.13		<u>ultimate</u>	<u>ultimate</u>
7.14		preretirement	postretirement
7.15		interest rate	interest rate
7.16	plan	assumption	assumption
7.17	general state employees retirement plan	8.5%	6.0%
7.18	correctional state employees retirement plan	8.5	6.0
7.19	State Patrol retirement plan	8.5	6.0
7.20	legislators retirement plan	<del>8.5</del> <u>0.0</u>	<del>6.0</del> <u>-2.0 until June</u> <u>30, 2040, and -2.5</u> <u>after June 30, 2040</u>
7.21			
7.22			
7.23	elective state officers retirement plan	<del>8.5</del> <u>0.0</u>	<del>6.0</del> <u>-2.0 until June</u> <u>30, 2040, and -2.5</u> <u>after June 30, 2040</u>
7.24			
7.25			
7.26	judges retirement plan	8.5	6.0
7.27	general public employees retirement plan	8.5	6.0
7.28	public employees police and fire retirement plan	8.5	6.0
7.29	local government correctional service	8.5	6.0
7.30	retirement plan		
7.31	teachers retirement plan	8.5	6.0
7.32	Duluth teachers retirement plan	8.5	8.5
7.33	St. Paul teachers retirement plan	8.5	8.5

7.34 Except for the legislators retirement plan and the elective state officers retirement  
 7.35 plan, the select preretirement interest rate assumption for the period after June 30, 2012,  
 7.36 through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the  
 7.37 elective state officers retirement plan, the select postretirement interest rate assumption for  
 7.38 the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth  
 7.39 teachers retirement plan and the St. Paul teachers retirement plan, each with a select

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8.1 postretirement interest rate assumption for the period after June 30, 2012, through June  
 8.2 30, 2017, of 8.0 percent.

8.3 (2) single rate preretirement and postretirement interest rate assumption

8.4		<u>interest rate</u>	
8.5	<u>plan</u>	<u>assumption</u>	
8.6	Fairmont Police Relief Association	5.0	<del>5.0</del>
8.7	Virginia Fire Department Relief Association	5.0	<del>5.0</del>
8.8	Bloomington Fire Department Relief Association	6.0	<del>6.0</del>
8.9	local monthly benefit volunteer firefighters relief	5.0	<del>5.0</del>
8.10	associations		

8.11 (b) ~~Before July 1, 2010,~~ The actuarial valuation must use the applicable following  
 8.12 single rate future salary increase assumption, the applicable following modified single  
 8.13 rate future salary increase assumption, or the applicable following graded rate future  
 8.14 salary increase assumption:

8.15 (1) single rate future salary increase assumption

8.16	<u>plan</u>	<u>future salary increase assumption</u>
8.17	legislators retirement plan	5.0%
8.18	judges retirement plan	<del>4.0</del> <u>3.0</u>
8.19	Fairmont Police Relief Association	3.5
8.20	Virginia Fire Department Relief Association	3.5
8.21	Bloomington Fire Department Relief	4.0
8.22	Association	

8.23 (2) age-related future salary increase age-related select and ultimate future salary  
 8.24 increase assumption or graded rate future salary increase assumption

8.25	<u>plan</u>	<u>future salary increase assumption</u>
8.26	<del>correctional state employees retirement plan</del>	<del>assumption D</del>
8.27	<del>State Patrol retirement plan</del>	<del>assumption E</del>
8.28	local government correctional service retirement plan	assumption C
8.29	Duluth teachers retirement plan	assumption A
8.30	St. Paul teachers retirement plan	assumption B

8.31 The select calculation is: during the  
 8.32 designated select period, a designated  
 8.33 percentage rate is multiplied by the result of  
 8.34 the designated integer minus T, where T is  
 8.35 the number of completed years of service,  
 8.36 and is added to the applicable future salary  
 8.37 increase assumption. ~~The designated select~~  
 8.38 ~~period is five years and the designated~~  
 8.39 ~~integer is five for the general state employees~~

9.1 ~~retirement plan.~~ The designated select period  
 9.2 is ten years and the designated integer is ten  
 9.3 for all other retirement plans covered by  
 9.4 this clause. The designated percentage rate  
 9.5 is: (1) ~~0.2 percent for the correctional state~~  
 9.6 ~~employees retirement plan, the State Patrol~~  
 9.7 ~~retirement plan, and the local government~~  
 9.8 ~~correctional service retirement plan;~~ (2)  
 9.9 0.6 percent for the general state employees  
 9.10 retirement plan; and ~~(3)~~ (2) 0.3 percent for  
 9.11 the teachers retirement plan, the Duluth  
 9.12 Teachers Retirement Fund Association,  
 9.13 and the St. Paul Teachers Retirement  
 9.14 Fund Association. The select calculation  
 9.15 for the Duluth Teachers Retirement Fund  
 9.16 Association is 8.00 percent per year for  
 9.17 service years one through seven, 7.25 percent  
 9.18 per year for service years seven and eight,  
 9.19 and 6.50 percent per year for service years  
 9.20 eight and nine.

9.21 The ultimate future salary increase assumption is:

9.22 age	A	B	C	D
9.23 16	8.00%	6.90%	<del>7.7500%</del> <u>9.00%</u>	<del>7.2500%</del>
9.24 17	8.00	6.90	<del>7.7500</del> <u>9.00</u>	<del>7.2500</del>
9.25 18	8.00	6.90	<del>7.7500</del> <u>9.00</u>	<del>7.2500</del>
9.26 19	8.00	6.90	<del>7.7500</del> <u>9.00</u>	<del>7.2500</del>
9.27 20	6.90	6.90	<del>7.7500</del> <u>9.00</u>	<del>7.2500</del>
9.28 21	6.90	6.90	<del>7.1454</del> <u>8.75</u>	<del>6.6454</del>
9.29 22	6.90	6.90	<del>7.0725</del> <u>8.50</u>	<del>6.5725</del>
9.30 23	6.85	6.85	<del>7.0544</del> <u>8.25</u>	<del>6.5544</del>
9.31 24	6.80	6.80	<del>7.0363</del> <u>8.00</u>	<del>6.5363</del>
9.32 25	6.75	6.75	<del>7.0000</del> <u>7.75</u>	<del>6.5000</del>
9.33 26	6.70	6.70	<del>7.0000</del> <u>7.50</u>	<del>6.5000</del>
9.34 27	6.65	6.65	<del>7.0000</del> <u>7.25</u>	<del>6.5000</del>
9.35 28	6.60	6.60	<del>7.0000</del> <u>7.00</u>	<del>6.5000</del>
9.36 29	6.55	6.55	<del>7.0000</del> <u>6.75</u>	<del>6.5000</del>
9.37 30	6.50	6.50	<del>7.0000</del> <u>6.75</u>	<del>6.5000</del>
9.38 31	6.45	6.45	<del>7.0000</del> <u>6.50</u>	<del>6.5000</del>
9.39 32	6.40	6.40	<del>7.0000</del> <u>6.50</u>	<del>6.5000</del>

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10.1	33	6.35	6.35	<del>7.0000</del> <u>6.50</u>	6.5000
10.2	34	6.30	6.30	<del>7.0000</del> <u>6.25</u>	6.5000
10.3	35	6.25	6.25	<del>7.0000</del> <u>6.25</u>	6.5000
10.4	36	6.20	6.20	<del>6.9019</del> <u>6.00</u>	6.4019
10.5	37	6.15	6.15	<del>6.8074</del> <u>6.00</u>	6.3074
10.6	38	6.10	6.10	<del>6.7125</del> <u>6.00</u>	6.2125
10.7	39	6.05	6.05	<del>6.6054</del> <u>5.75</u>	6.1054
10.8	40	6.00	6.00	<del>6.5000</del> <u>5.75</u>	6.0000
10.9	41	5.90	5.95	<del>6.3540</del> <u>5.75</u>	5.8540
10.10	42	5.80	5.90	<del>6.2087</del> <u>5.50</u>	5.7087
10.11	43	5.70	5.85	<del>6.0622</del> <u>5.25</u>	5.5622
10.12	44	5.60	5.80	<del>5.9048</del> <u>5.25</u>	5.4078
10.13	45	5.50	5.75	<del>5.7500</del> <u>5.00</u>	5.2500
10.14	46	5.40	5.70	<del>5.6940</del> <u>5.00</u>	5.1940
10.15	47	5.30	5.65	<del>5.6375</del> <u>5.00</u>	5.1375
10.16	48	5.20	5.60	<del>5.5822</del> <u>5.00</u>	5.0822
10.17	49	5.10	5.55	<del>5.5404</del> <u>5.00</u>	5.0404
10.18	50	5.00	5.50	<del>5.5000</del> <u>5.00</u>	5.0000
10.19	51	4.90	5.45	<del>5.4384</del> <u>5.00</u>	4.9384
10.20	52	4.80	5.40	<del>5.3776</del> <u>5.00</u>	4.8776
10.21	53	4.70	5.35	<del>5.3167</del> <u>5.00</u>	4.8167
10.22	54	4.60	5.30	<del>5.2826</del> <u>5.00</u>	4.7826
10.23	55	4.50	5.25	<del>5.2500</del> <u>4.75</u>	4.7500
10.24	56	4.40	5.20	<del>5.2500</del> <u>4.75</u>	4.7500
10.25	57	4.30	5.15	<del>5.2500</del> <u>4.50</u>	4.7500
10.26	58	4.20	5.10	<del>5.2500</del> <u>4.25</u>	4.7500
10.27	59	4.10	5.05	<del>5.2500</del> <u>4.25</u>	4.7500
10.28	60	4.00	5.00	<del>5.2500</del> <u>4.25</u>	4.7500
10.29	61	3.90	5.00	<del>5.2500</del> <u>4.25</u>	4.7500
10.30	62	3.80	5.00	<del>5.2500</del> <u>4.25</u>	4.7500
10.31	63	3.70	5.00	<del>5.2500</del> <u>4.25</u>	4.7500
10.32	64	3.60	5.00	<del>5.2500</del> <u>4.25</u>	4.7500
10.33	65	3.50	5.00	<del>5.2500</del> <u>4.00</u>	4.7500
10.34	66	3.50	5.00	<del>5.2500</del> <u>4.00</u>	4.7500
10.35	67	3.50	5.00	<del>5.2500</del> <u>4.00</u>	4.7500
10.36	68	3.50	5.00	<del>5.2500</del> <u>4.00</u>	4.7500
10.37	69	3.50	5.00	<del>5.2500</del> <u>4.00</u>	4.7500
10.38	70	3.50	5.00	<del>5.2500</del> <u>4.00</u>	4.7500

- 10.39 (3) service-related ultimate future salary increase assumption
- 10.40 general state employees retirement plan of the assumption A
- 10.41 Minnesota State Retirement System
- 10.42 general employees retirement plan of the Public assumption B
- 10.43 Employees Retirement Association

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11.1	Teachers Retirement Association	assumption C
11.2	public employees police and fire retirement plan	assumption D
11.3	<u>State Patrol retirement plan</u>	<u>assumption E</u>
11.4	<u>correctional state employees retirement plan of the</u>	<u>assumption F</u>
11.5	<u>Minnesota State Retirement System</u>	

11.6	service						
11.7	length	A	B	C	D	E	F
11.8	1	<del>10.75</del> <u>10.50%</u>	<del>12.25</del> <u>12.03%</u>	12.00%	13.00%	<u>8.00%</u>	<u>6.00%</u>
11.9	2	<del>8.35</del> <u>8.10</u>	<del>9.15</del> <u>8.90</u>	9.00	11.00	<u>7.50</u>	<u>5.85</u>
11.10	3	<del>7.15</del> <u>6.90</u>	<del>7.75</del> <u>7.46</u>	8.00	9.00	<u>7.00</u>	<u>5.70</u>
11.11	4	<del>6.45</del> <u>6.20</u>	<del>6.85</del> <u>6.58</u>	7.50	8.00	<u>6.75</u>	<u>5.55</u>
11.12	5	<del>5.95</del> <u>5.70</u>	<del>6.25</del> <u>5.97</u>	7.25	6.50	<u>6.50</u>	<u>5.40</u>
11.13	6	<del>5.55</del> <u>5.30</u>	<del>5.75</del> <u>5.52</u>	7.00	6.10	<u>6.25</u>	<u>5.25</u>
11.14	7	<del>5.25</del> <u>5.00</u>	<del>5.45</del> <u>5.16</u>	6.85	5.80	<u>6.00</u>	<u>5.10</u>
11.15	8	<del>4.95</del> <u>4.70</u>	<del>5.15</del> <u>4.87</u>	6.70	5.60	<u>5.85</u>	<u>4.95</u>
11.16	9	<del>4.75</del> <u>4.50</u>	<del>4.85</del> <u>4.63</u>	6.55	5.40	<u>5.70</u>	<u>4.80</u>
11.17	10	<del>4.65</del> <u>4.40</u>	<del>4.65</del> <u>4.42</u>	6.40	5.30	<u>5.55</u>	<u>4.65</u>
11.18	11	<del>4.45</del> <u>4.20</u>	<del>4.45</del> <u>4.24</u>	6.25	5.20	<u>5.40</u>	<u>4.55</u>
11.19	12	<del>4.35</del> <u>4.10</u>	<del>4.35</del> <u>4.08</u>	6.00	5.10	<u>5.25</u>	<u>4.45</u>
11.20	13	<del>4.25</del> <u>4.00</u>	<del>4.15</del> <u>3.94</u>	5.75	5.00	<u>5.10</u>	<u>4.35</u>
11.21	14	<del>4.05</del> <u>3.80</u>	<del>4.05</del> <u>3.82</u>	5.50	4.90	<u>4.95</u>	<u>4.25</u>
11.22	15	<del>3.95</del> <u>3.70</u>	<del>3.95</del> <u>3.70</u>	5.25	4.80	<u>4.80</u>	<u>4.15</u>
11.23	16	<del>3.85</del> <u>3.60</u>	<del>3.85</del> <u>3.60</u>	5.00	4.80	<u>4.65</u>	<u>4.05</u>
11.24	17	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.51</u>	4.75	4.80	<u>4.50</u>	<u>3.95</u>
11.25	18	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	4.50	4.80	<u>4.35</u>	<u>3.85</u>
11.26	19	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	4.25	4.80	<u>4.20</u>	<u>3.75</u>
11.27	20	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	4.00	4.80	<u>4.05</u>	<u>3.75</u>
11.28	21	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.90	4.70	<u>4.00</u>	<u>3.75</u>
11.29	22	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.80	4.60	<u>4.00</u>	<u>3.75</u>
11.30	23	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.70	4.50	<u>4.00</u>	<u>3.75</u>
11.31	24	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.60	4.50	<u>4.00</u>	<u>3.75</u>
11.32	25	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
11.33	26	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
11.34	27	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
11.35	28	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
11.36	29	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
11.37	30 or	<del>3.75</del> <u>3.50</u>	<del>3.75</del> <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
11.38	more						

11.39 (c) ~~Before July 2, 2010,~~ The actuarial valuation must use the applicable following  
 11.40 payroll growth assumption for calculating the amortization requirement for the unfunded  
 11.41 actuarial accrued liability where the amortization retirement is calculated as a level  
 11.42 percentage of an increasing payroll:

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12.1	plan	payroll growth assumption
12.2	general state employees retirement plan of the	3.75%
12.3	Minnesota State Retirement System	
12.4	correctional state employees retirement plan	<del>4.50</del> <u>3.75</u>
12.5	State Patrol retirement plan	<del>4.50</del> <u>3.75</u>
12.6	<del>legislators retirement plan</del>	<del>4.50</del>
12.7	judges retirement plan	<del>4.00</del> <u>3.00</u>
12.8	general employees retirement plan of the Public	<del>3.75</del> <u>3.75</u>
12.9	Employees Retirement Association	
12.10	public employees police and fire retirement plan	<del>3.75</del> <u>3.75</u>
12.11	local government correctional service retirement plan	<del>4.50</del> <u>3.75</u>
12.12	teachers retirement plan	<del>3.75</del> <u>3.75</u>
12.13	Duluth teachers retirement plan	<del>4.50</del> <u>4.50</u>
12.14	St. Paul teachers retirement plan	<del>5.00</del> <u>5.00</u>

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

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

12.18 (2) is accompanied by the concurring recommendation of the actuary retained under  
 12.19 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the  
 12.20 most recent actuarial valuation report if section 356.214 does not apply; and

12.21 (3) has been approved or deemed approved under subdivision 18.

12.22 **EFFECTIVE DATE.** This section is effective June 30, 2012.

12.23 Sec. 3. Minnesota Statutes 2010, section 356.215, subdivision 11, is amended to read:

12.24 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating  
 12.25 the level normal cost, the actuarial valuation of the retirement plan must contain an  
 12.26 exhibit for financial reporting purposes indicating the additional annual contribution  
 12.27 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit  
 12.28 for contribution determination purposes indicating the additional contribution sufficient  
 12.29 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in  
 12.30 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees  
 12.31 Retirement Association and the legislators retirement plan, the additional contribution  
 12.32 must be calculated on a level percentage of covered payroll basis by the established  
 12.33 date for full funding in effect when the valuation is prepared, assuming annual payroll  
 12.34 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all  
 12.35 other retirement plans and for the MERF division of the Public Employees Retirement  
 12.36 Association and the legislators retirement plan, the additional annual contribution must be  
 12.37 calculated on a level annual dollar amount basis.

13.1 (b) For any retirement plan other than the general state employees retirement plan  
13.2 of the Minnesota State Retirement System or a retirement plan governed by paragraph  
13.3 (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions  
13.4 used for calculating the actuarial accrued liability of the fund, a change in the benefit  
13.5 plan governing annuities and benefits payable from the fund, a change in the actuarial  
13.6 cost method used in calculating the actuarial accrued liability of all or a portion of the  
13.7 fund, or a combination of the three, which change or changes by itself or by themselves  
13.8 without inclusion of any other items of increase or decrease produce a net increase in the  
13.9 unfunded actuarial accrued liability of the fund, the established date for full funding is the  
13.10 first actuarial valuation date occurring after June 1, 2020.

13.11 (c) For any retirement plan other than the general employees retirement plan of the  
13.12 Public Employees Retirement Association, if there has been a change in any or all of the  
13.13 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a  
13.14 change in the benefit plan governing annuities and benefits payable from the fund, a  
13.15 change in the actuarial cost method used in calculating the actuarial accrued liability of all  
13.16 or a portion of the fund, or a combination of the three, and the change or changes, by itself  
13.17 or by themselves and without inclusion of any other items of increase or decrease, produce  
13.18 a net increase in the unfunded actuarial accrued liability in the fund, the established date  
13.19 for full funding must be determined using the following procedure:

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

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

13.27 (iii) the unfunded actuarial accrued liability of the fund must be determined in  
13.28 accordance with any new plan provisions governing annuities and benefits payable from  
13.29 the fund and any new actuarial assumptions and the remaining plan provisions governing  
13.30 annuities and benefits payable from the fund and actuarial assumptions in effect before  
13.31 the change;

13.32 (iv) the level annual dollar contribution or level percentage, whichever is applicable,  
13.33 needed to amortize the difference between the unfunded actuarial accrued liability amount  
13.34 calculated under item (i) and the unfunded actuarial accrued liability amount calculated  
13.35 under item (iii) over a period of 30 years from the end of the plan year in which the

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14.1 applicable change is effective must be calculated using the applicable interest assumption  
14.2 specified in subdivision 8 in effect after any applicable change;

14.3 (v) the level annual dollar or level percentage amortization contribution under item  
14.4 (iv) must be added to the level annual dollar amortization contribution or level percentage  
14.5 calculated under item (ii);

14.6 (vi) the period in which the unfunded actuarial accrued liability amount determined  
14.7 in item (iii) is amortized by the total level annual dollar or level percentage amortization  
14.8 contribution computed under item (v) must be calculated using the interest assumption  
14.9 specified in subdivision 8 in effect after any applicable change, rounded to the nearest  
14.10 integral number of years, but not to exceed 30 years from the end of the plan year in  
14.11 which the determination of the established date for full funding using the procedure set  
14.12 forth in this clause is made and not to be less than the period of years beginning in the  
14.13 plan year in which the determination of the established date for full funding using the  
14.14 procedure set forth in this clause is made and ending by the date for full funding in effect  
14.15 before the change; and

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

14.19 (d) For the MERF division of the Public Employees Retirement Association, the  
14.20 established date for full funding is June 30, 2031.

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

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

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

14.27 (h) For the judges retirement plan, the established date for full funding is June  
14.28 30, 2038.

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

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

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

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

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

15.10 Sec. 4. **DELAYED REPORTING DATE FOR CERTAIN QUADRENNIAL**  
15.11 **EXPERIENCE STUDIES.**

15.12 Notwithstanding any provision of Minnesota Statutes, section 356.215, subdivisions  
15.13 2 and 3, paragraph (c), to the contrary, the next experience studies of the general state  
15.14 employees retirement plan of the Minnesota State Retirement System, the general  
15.15 employees retirement plan of the Public Employees Retirement Association, and the  
15.16 Teachers Retirement Association must cover the period of July 1, 2008, through June 30,  
15.17 2014, and must be filed with the applicable entities on June 30, 2015.

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

15.19 **ARTICLE 2**

15.20 **CONTRIBUTION ADEQUACY REPORTING**

15.21 Section 1. **[16A.106] ADEQUACY OF BUDGETED AND FORECASTED**  
15.22 **DEFINED BENEFIT PLAN RETIREMENT CONTRIBUTIONS.**

15.23 (a) On or before May 30 or the date occurring 30 days after the conclusion of  
15.24 the regular legislative session, whichever is later, in each odd-numbered year, the  
15.25 commissioner shall prepare a report to the legislature on the adequacy of the budgeted  
15.26 appropriations, including retirement-related state aids, and forecasted member and  
15.27 employer retirement contributions to meet the total calculated actuarial funding  
15.28 requirements of the statewide and major local defined benefit retirement plans.

15.29 (b) The total calculated actuarial funding requirements are the sum of:

15.30 (1) the normal cost;

15.31 (2) the administrative expenses as defined in section 356.20, subdivision 4,  
15.32 paragraph (c); and

16.1           (3) the supplemental amortization contribution requirement using the amortization  
16.2 target date specified in section 356.215, subdivision 11.

16.3           The total calculated actuarial funding requirements must be as determined in the  
16.4 most recent actuarial valuation of the retirement plan prepared by an approved actuary  
16.5 under section 356.215 and the most recent standards for actuarial work adopted by the  
16.6 Legislative Commission on Pensions and Retirement.

16.7           (c) The statewide and major local retirement plans are the defined benefit retirement  
16.8 plans listed in section 356.20, subdivision 2, clauses (1) to (6), (9), (12), (13), and (14).

16.9           (d) The report must also include as an exhibit as of the start of the most recent fiscal  
16.10 year, the following information for each statewide and major local retirement plan in a  
16.11 single comparative table:

16.12           (1) the year the retirement plan was enacted or established;

16.13           (2) the number of active members of the retirement plan;

16.14           (3) the number of retirement annuitants and retirement benefit recipients;

16.15           (4) whether or not the retirement plan supplements the federal Old Age, Survivors  
16.16 and Disability Insurance program;

16.17           (5) the complete schedule of accrued benefit obligations and projected benefit  
16.18 obligations from the latest actuarial valuation reports;

16.19           (6) whether or not the retirement plan permits the purchase of service credit for  
16.20 out-of-state service or time;

16.21           (7) the percentage of covered salary employer contributions;

16.22           (8) the percentage of covered salary member contributions;

16.23           (9) the amount of unfunded actuarial accrued liability calculated using the actuarial  
16.24 value of assets and the market value of assets;

16.25           (10) the percentage that assets, at actuarial value and at market value, represent  
16.26 of the actuarial accrued liability;

16.27           (11) the normal retirement age or ages;

16.28           (12) the salary base definition and the percentage of salary base benefit accrual rate  
16.29 per year of service credit formula for a normal retirement annuity;

16.30           (13) the amount of automatic postretirement adjustment;

16.31           (14) whether or not service credit is available for military service and any limitation  
16.32 on its acquisition;

16.33           (15) the vesting period for a disability benefit and the definition of a disability  
16.34 qualifying for a disability benefit;

16.35           (16) investment performance and interest rate actuarial assumptions;

16.36           (17) the amortization target date;

- 17.1 (18) four fiscal years running statistics of active retirement plan members;  
17.2 (19) four fiscal years running statistics of retirement annuitants and retirement  
17.3 benefit recipients;  
17.4 (20) four fiscal years running statistics of deferred annuitants;  
17.5 (21) four fiscal years running statistics of unfunded actuarial accrued liability  
17.6 determined on an actuarial value of assets basis and on a market value of assets basis;  
17.7 (22) four fiscal years running statistics of the percentage that assets, at actuarial  
17.8 value and at market value, represent of the actuarial accrued liability;  
17.9 (23) four fiscal years running statistics of actuarial value of assets; and  
17.10 (24) four fiscal years running statistics of market value of assets.  
17.11 (e) The report under this section also must be included on the Web site of the  
17.12 department.

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

### 17.14 **ARTICLE 3**

#### 17.15 **MSRS-CORRECTIONAL PLAN MEMBERSHIP CHANGES**

17.16 Section 1. Minnesota Statutes 2010, section 352.90, is amended to read:

#### 17.17 **352.90 POLICY.**

17.18 It is the policy of the legislature to provide special retirement benefits for and  
17.19 special contributions by certain correctional employees who may be required to retire at  
17.20 an early age because they lose the mental or physical capacity required to maintain the  
17.21 safety, security, discipline, and custody of inmates at state correctional facilities or of  
17.22 patients at the Minnesota Security Hospital, of patients in the Minnesota sex offender  
17.23 program, or of patients in the Minnesota ~~extended treatment options program~~ specialty  
17.24 health system-Cambridge.

17.25 Sec. 2. Minnesota Statutes 2010, section 352.91, subdivision 3c, is amended to read:

17.26 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by  
17.27 a state employee in one of the employment positions at a correctional facility or at the  
17.28 Minnesota Security Hospital, or in the Minnesota sex offender program that are specified  
17.29 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct  
17.30 contact with inmates or patients and the fact of this direct contact is certified to the  
17.31 executive director by the appropriate commissioner.

17.32 (b) The employment positions are as follows:

17.33 (1) registered nurse - senior;

- 18.1 (2) registered nurse;
- 18.2 (3) registered nurse - principal;
- 18.3 (4) licensed practical nurse 2; ~~and~~
- 18.4 (5) registered nurse advance practice; and
- 18.5 (6) psychiatric advance practice registered nurse.

18.6 **EFFECTIVE DATE.** (a) This section is effective retroactively from August 22,  
18.7 2011.

18.8 (b) Service credit under the correctional state employees retirement plan rather  
18.9 than under the general state employees retirement plan for the period between August  
18.10 22, 2011, and the day following enactment is contingent on the state employee and the  
18.11 Department of Human Services paying the difference between the applicable employee  
18.12 and employer contributions in the two retirement plans under Minnesota Statutes, section  
18.13 352.017, subdivision 2.

18.14 Sec. 3. Minnesota Statutes 2010, section 352.91, subdivision 3d, is amended to read:

18.15 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means  
18.16 service by a state employee in one of the employment positions at a correctional facility or  
18.17 at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the  
18.18 employee's working time is spent in direct contact with inmates or patients and the fact of  
18.19 this direct contact is certified to the executive director by the appropriate commissioner.

18.20 (b) The employment positions are:

- 18.21 (1) automotive mechanic;
- 18.22 (2) baker;
- 18.23 (3) central services administrative specialist, intermediate;
- 18.24 (4) central services administrative specialist, principal;
- 18.25 (5) chaplain;
- 18.26 (6) chief cook;
- 18.27 (7) clinical program therapist 1;
- 18.28 (8) clinical program therapist 2;
- 18.29 (9) clinical program therapist 3;
- 18.30 (10) clinical program therapist 4;
- 18.31 (11) cook;
- 18.32 ~~(8) (12) cook coordinator;~~
- 18.33 ~~(9) corrections program therapist 1;~~
- 18.34 ~~(10) corrections program therapist 2;~~
- 18.35 ~~(11) corrections program therapist 3;~~

- 19.1 ~~(12) corrections program therapist 4;~~
- 19.2 (13) corrections inmate program coordinator;
- 19.3 (14) corrections transitions program coordinator;
- 19.4 (15) corrections security caseworker;
- 19.5 (16) corrections security caseworker career;
- 19.6 (17) corrections teaching assistant;
- 19.7 (18) delivery van driver;
- 19.8 (19) dentist;
- 19.9 (20) electrician supervisor;
- 19.10 (21) general maintenance worker lead;
- 19.11 (22) general repair worker;
- 19.12 (23) library/information research services specialist;
- 19.13 (24) library/information research services specialist senior;
- 19.14 (25) library technician;
- 19.15 (26) painter lead;
- 19.16 (27) plant maintenance engineer lead;
- 19.17 (28) plumber supervisor;
- 19.18 (29) psychologist 1;
- 19.19 (30) psychologist 3;
- 19.20 (31) recreation therapist;
- 19.21 (32) recreation therapist coordinator;
- 19.22 (33) recreation program assistant;
- 19.23 (34) recreation therapist senior;
- 19.24 (35) sports medicine specialist;
- 19.25 (36) work therapy assistant;
- 19.26 (37) work therapy program coordinator; and
- 19.27 (38) work therapy technician.

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

19.29 Sec. 4. Minnesota Statutes 2010, section 352.91, subdivision 3e, is amended to read:

19.30 Subd. 3e. **Minnesota extended treatment options program specialty health**  
19.31 **system-Cambridge.** (a) "Covered correctional service" means service by a state employee  
19.32 in one of the employment positions with the Minnesota ~~extended treatment options~~  
19.33 ~~program~~ **specialty health system-Cambridge** specified in paragraph (b) if at least 75  
19.34 percent of the employee's working time is spent in direct contact with patients who are in  
19.35 the Minnesota ~~extended treatment options program~~ **specialty health system-Cambridge**

20.1 and if service in such a position is certified to the executive director by the commissioner  
20.2 of human services.

20.3 (b) The employment positions are:

20.4 (1) behavior analyst 1;

20.5 (2) behavior analyst 2;

20.6 (3) behavior analyst 3;

20.7 (4) group supervisor;

20.8 (5) group supervisor assistant;

20.9 (6) human services support specialist;

20.10 (7) residential program lead;

20.11 (8) psychologist 2;

20.12 (9) recreation program assistant;

20.13 (10) recreation therapist senior;

20.14 (11) registered nurse senior;

20.15 (12) skills development specialist;

20.16 (13) social worker senior;

20.17 (14) social worker specialist; and

20.18 (15) speech pathology specialist.

20.19 Sec. 5. Minnesota Statutes 2010, section 352.91, subdivision 3f, is amended to read:

20.20 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered  
20.21 correctional service" means service by a state employee in one of the employment  
20.22 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota  
20.23 sex offender program if at least 75 percent of the employee's working time is spent in  
20.24 direct contact with patients and the determination of this direct contact is certified to the  
20.25 executive director by the commissioner of human services.

20.26 (b) The employment positions are:

20.27 (1) behavior analyst 2;

20.28 (2) behavior analyst 3;

20.29 (3) certified occupational therapy assistant 1;

20.30 (4) certified occupational therapy assistant 2;

20.31 (5) chemical dependency counselor senior;

20.32 (6) client advocate;

20.33 (7) clinical program therapist 3;

20.34 (8) clinical program therapist 4;

20.35 (9) customer services specialist principal;

- 21.1 ~~(8)~~ (10) dental assistant registered;
- 21.2 ~~(9)~~ (11) group supervisor;
- 21.3 ~~(10)~~ (12) group supervisor assistant;
- 21.4 ~~(11)~~ (13) human services support specialist;
- 21.5 ~~(12)~~ (14) licensed alcohol and drug counselor;
- 21.6 ~~(13)~~ (15) licensed practical nurse 1;
- 21.7 ~~(14)~~ (16) management analyst 3;
- 21.8 ~~(15)~~ (17) occupational therapist;
- 21.9 ~~(16)~~ (18) occupational therapist, senior;
- 21.10 ~~(17)~~ (19) psychologist 1;
- 21.11 ~~(18)~~ (20) psychologist 2;
- 21.12 ~~(19)~~ (21) psychologist 3;
- 21.13 ~~(20)~~ (22) recreation program assistant;
- 21.14 ~~(21)~~ (23) recreation therapist lead;
- 21.15 ~~(22)~~ (24) recreation therapist senior;
- 21.16 ~~(23)~~ (25) rehabilitation counselor senior;
- 21.17 ~~(24)~~ (26) security supervisor;
- 21.18 ~~(25)~~ (27) skills development specialist;
- 21.19 ~~(26)~~ (28) social worker senior;
- 21.20 ~~(27)~~ (29) social worker specialist;
- 21.21 ~~(28)~~ (30) social worker specialist, senior;
- 21.22 ~~(29)~~ (31) special education program assistant;
- 21.23 ~~(30)~~ (32) speech pathology clinician;
- 21.24 ~~(31)~~ (33) work therapy assistant; and
- 21.25 ~~(32)~~ (34) work therapy program coordinator.

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

#### 21.27 **ARTICLE 4**

#### 21.28 **HEALTH CARE SAVINGS PLAN MODIFICATIONS**

21.29 Section 1. Minnesota Statutes 2010, section 352.98, subdivision 3, is amended to read:

21.30 Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a  
21.31 personnel policy or in a collective bargaining agreement of a public employer or political  
21.32 subdivision. The executive director may offer different types of trusts permitted under the  
21.33 Internal Revenue Code to best meet the needs of different employer units.

22.1 (b) Contributions to the plan by or on behalf of the participant must be held in trust  
22.2 for reimbursement of eligible health-related expenses for participants and their dependents  
22.3 following termination from public employment or ~~during active employment~~ in other  
22.4 circumstances set forth in the plan document. The executive director shall maintain  
22.5 a separate account of the contributions made by or on behalf of each participant and  
22.6 the earnings thereon. The executive director shall make available a limited range of  
22.7 investment options, and each participant may direct the investment of the accumulations  
22.8 in the participant's account among the investment options made available by the executive  
22.9 director.

22.10 (c) This section does not obligate a public employer to meet and negotiate in good  
22.11 faith with the exclusive bargaining representative of any public employee group regarding  
22.12 an employer contribution to a postretirement or active employee health care savings plan  
22.13 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent  
22.14 of the legislature to authorize the state to incur new funding obligations for the costs of  
22.15 retiree health care or the costs of administering retiree health care plans or accounts.

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

22.17 Sec. 2. Minnesota Statutes 2010, section 352.98, subdivision 4, is amended to read:

22.18 Subd. 4. **Reimbursement for health-related expenses.** The executive director  
22.19 shall reimburse participants at least quarterly for eligible health-related expenses, as  
22.20 allowable by federal and state law, until the participant exhausts the accumulation in the  
22.21 participant's account. If a participant dies prior to exhausting the participant's account  
22.22 balance, the participant's spouse or dependents are eligible to be reimbursed for health care  
22.23 expenses from the account until the account balance is exhausted. If an account balance  
22.24 remains after the death of a participant and all of the participant's legal dependents, the  
22.25 remainder of the account must be paid to the participant's beneficiaries or, if none, to  
22.26 ~~the participant's estate~~ a living person or persons named by the personal representative  
22.27 of the estate. The person or persons named must use the account for reimbursement of  
22.28 allowable health care expenses.

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

22.30 Sec. 3. Minnesota Statutes 2010, section 352.98, subdivision 5, is amended to read:

22.31 Subd. 5. **Fees.** The executive director is authorized to charge ~~uniform~~ fees to  
22.32 participants to cover the ongoing cost of operating the plan. ~~Any fees not needed must~~  
22.33 ~~revert to participant accounts or be used to reduce plan fees the following year.~~ The fees

23.1 must be deposited in an administrative fee account. On January 1, following the end of the  
23.2 prior fiscal year, the executive director shall estimate the amount needed to cover plan  
23.3 expenses, record keeping costs, and custodial fees for the new fiscal year. If the balance  
23.4 of the administrative fee account is in excess of this amount, the excess must revert to  
23.5 participant accounts, or plan fees must be reduced to eliminate the excess, or the executive  
23.6 director may use a combination of both approaches to eliminate the excess.

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

23.8 Sec. 4. Minnesota Statutes 2010, section 352.98, subdivision 8, is amended to read:

23.9 Subd. 8. **Exemption from process.** Assets in a ~~health-care~~ health care savings  
23.10 plan account described in this section must be used for the reimbursement of ~~healthcare~~  
23.11 health care expenses and are not assignable or subject to execution, levy, attachment,  
23.12 garnishment, or other legal process, except as provided in section 518.58, 518.581, or  
23.13 518A.53.

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

## 23.15 **ARTICLE 5**

### 23.16 **MSRS-UNCLASSIFIED RETIREMENT PROGRAM MODIFICATIONS**

23.17 Section 1. Minnesota Statutes 2010, section 352D.02, subdivision 3, is amended to  
23.18 read:

23.19 Subd. 3. **Transfer to general employees retirement plan.** (a) If permitted under  
23.20 paragraph (b), an employee referred to in subdivision 1, paragraph (c), clauses (2) to (4),  
23.21 (6) to (14), and (16) to (18), who is credited with shares in the unclassified program; and  
23.22 ~~who has credit for allowable service, not later than one month following the termination~~  
23.23 ~~of covered employment,~~ may elect to terminate participation in the unclassified program  
23.24 and be covered by the general employees retirement plan ~~by filing a written election~~  
23.25 ~~with the executive director.~~

23.26 (b) An employee specified in paragraph (a) is permitted to terminate participation  
23.27 in the unclassified program and be covered by the general employees retirement plan if  
23.28 the employee:

23.29 (1) was employed before July 1, 2010, and has at least ten years of allowable service  
23.30 ~~as of the date of the election;~~ or if the employee

23.31 (2) was first employed after June 30, 2010, and has no more than seven years of  
23.32 ~~allowable service as of the date of the election.~~

24.1 The election must be in writing on a form provided by the executive director, and  
24.2 can be made no later than one month following the termination of covered employment.

24.3 ~~(b)~~ (c) If the transfer election is made, the executive director shall ~~then~~ redeem the  
24.4 employee's total shares and ~~shall~~ credit to the employee's account in the general employees  
24.5 retirement plan the amount of contributions that would have been ~~so~~ credited had the  
24.6 employee been covered by the general employees retirement plan during the employee's  
24.7 entire covered employment ~~or elective state service~~. The balance of money ~~so~~ redeemed  
24.8 and not credited to the employee's account must be transferred to the general employees  
24.9 retirement plan, except that the executive director must determine:

24.10 (1) the employee ~~contribution~~ contributions paid to the unclassified program ~~must~~  
24.11 ~~be compared to;~~ and

24.12 (2) the employee contributions that would have been paid to the general employees  
24.13 retirement plan for the comparable period, if the individual had been covered by that plan.

24.14 If clause (1) is greater than clause (2), the difference must be refunded to the  
24.15 employee as provided in section 352.22. If clause (2) is greater than clause (1), the  
24.16 difference must be paid by the employee within six months of electing general employees  
24.17 retirement plan coverage or before the effective date of the annuity, whichever is sooner.

24.18 ~~(e)~~ (d) An election under paragraph ~~(a)~~ (b) to transfer coverage to the general  
24.19 employees retirement plan is irrevocable during any period of covered employment.

24.20 ~~(d)~~ (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or  
24.21 (15), who is credited with employee shares in the unclassified program is not permitted  
24.22 to terminate participation in the unclassified program and be covered by the general  
24.23 employees retirement plan.

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

## 24.25 **ARTICLE 6**

### 24.26 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

24.27 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 16,  
24.28 is amended to read:

24.29 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"  
24.30 means:

24.31 (1) service during years of actual membership in the course of which employee  
24.32 deductions were withheld from salary and contributions were made at the applicable rates  
24.33 under section 353.27, 353.65, or 353E.03;

25.1 (2) periods of service covered by payments in lieu of salary deductions under  
25.2 sections 353.27, subdivision 12, and 353.35;

25.3 (3) service in years during which the public employee was not a member but for  
25.4 which the member later elected, while a member, to obtain credit by making payments to  
25.5 the fund as permitted by any law then in effect;

25.6 (4) a period of authorized leave of absence with pay from which deductions for  
25.7 employee contributions are made, deposited, and credited to the fund;

25.8 (5) a period of authorized personal, parental, or medical leave of absence without  
25.9 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
25.10 that does not exceed one year, and for which a member obtained service credit for each  
25.11 month in the leave period by payment under section 353.0161 to the fund made in place of  
25.12 salary deductions. An employee must return to public service and render a minimum of  
25.13 three months of allowable service in order to be eligible to make payment under section  
25.14 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
25.15 employee must be granted allowable service credit for the purchased period;

25.16 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
25.17 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
25.18 as certified to the association by the employer. A participating member obtains service  
25.19 credit by making employee contributions in an amount or amounts based on the member's  
25.20 average salary, excluding overtime pay, that would have been paid if the leave had not been  
25.21 taken. The employer shall pay the employer and additional employer contributions on  
25.22 behalf of the participating member. The employee and the employer are responsible to pay  
25.23 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,  
25.24 from the end of the normal cycle until full payment is made. An employer shall also make  
25.25 the employer and additional employer contributions, plus 8.5 percent interest, compounded  
25.26 annually, on behalf of an employee who makes employee contributions but terminates  
25.27 public service. The employee contributions must be made within one year after the end of  
25.28 the annual normal working cycle or within 30 days after termination of public service,  
25.29 whichever is sooner. The executive director shall prescribe the manner and forms to be  
25.30 used by a governmental subdivision in administering a periodic, repetitive leave. Upon  
25.31 payment, the member must be granted allowable service credit for the purchased period;

25.32 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three  
25.33 months allowable service per authorized temporary or seasonal layoff in one calendar year.  
25.34 An employee who has received the maximum service credit allowed for an authorized  
25.35 temporary or seasonal layoff must return to public service and must obtain a minimum of

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26.1 three months of allowable service subsequent to the layoff in order to receive allowable  
26.2 service for a subsequent authorized temporary or seasonal layoff;

26.3 (8) a period during which a member is absent from employment by a governmental  
26.4 subdivision by reason of service in the uniformed services, as defined in United States  
26.5 Code, title 38, section 4303(13), if the member returns to public service with the same  
26.6 governmental subdivision upon discharge from service in the uniformed service within the  
26.7 time frames required under United States Code, title 38, section 4312(e), provided that  
26.8 the member did not separate from uniformed service with a dishonorable or bad conduct  
26.9 discharge or under other than honorable conditions. The service must be credited if the  
26.10 member pays into the fund equivalent employee contributions based upon the contribution  
26.11 rate or rates in effect at the time that the uniformed service was performed multiplied by  
26.12 the full and fractional years being purchased and applied to the annual salary rate. The  
26.13 annual salary rate is the average annual salary, excluding overtime pay, during the purchase  
26.14 period that the member would have received if the member had continued to be employed  
26.15 in covered employment rather than to provide uniformed service, or, if the determination  
26.16 of that rate is not reasonably certain, the annual salary rate is the member's average salary  
26.17 rate, excluding overtime pay, during the 12-month period of covered employment rendered  
26.18 immediately preceding the period of the uniformed service. Payment of the member  
26.19 equivalent contributions must be made during a period that begins with the date on which  
26.20 the individual returns to public employment and that is three times the length of the  
26.21 military leave period, or within five years of the date of discharge from the military service,  
26.22 whichever is less. If the determined payment period is less than one year, the contributions  
26.23 required under this clause to receive service credit may be made within one year of the  
26.24 discharge date. Payment may not be accepted following 30 days after termination of  
26.25 public service under subdivision 11a. If the member equivalent contributions provided for  
26.26 in this clause are not paid in full, the member's allowable service credit must be prorated  
26.27 by multiplying the full and fractional number of years of uniformed service eligible for  
26.28 purchase by the ratio obtained by dividing the total member contributions received by the  
26.29 total member contributions otherwise required under this clause. The equivalent employer  
26.30 contribution, and, if applicable, the equivalent additional employer contribution must be  
26.31 paid by the governmental subdivision employing the member if the member makes the  
26.32 equivalent employee contributions. The employer payments must be made from funds  
26.33 available to the employing unit, using the employer and additional employer contribution  
26.34 rate or rates in effect at the time that the uniformed service was performed, applied to the  
26.35 same annual salary rate or rates used to compute the equivalent member contribution. The  
26.36 governmental subdivision involved may appropriate money for those payments. The

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27.1 amount of service credit obtainable under this section may not exceed five years unless a  
27.2 longer purchase period is required under United States Code, title 38, section 4312. The  
27.3 employing unit shall pay interest on all equivalent member and employer contribution  
27.4 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent  
27.5 compounded annually from the end of each fiscal year of the leave or the break in service  
27.6 to the end of the month in which the payment is received. Upon payment, the employee  
27.7 must be granted allowable service credit for the purchased period; or

27.8 (9) a period specified under ~~subdivision 40~~ section 353.0162.

27.9 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for  
27.10 state officers and employees displaced by the Community Corrections Act, chapter 401,  
27.11 and transferred into county service under section 401.04, "allowable service" means the  
27.12 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and  
27.13 section 352.01, subdivision 11.

27.14 (c) For a public employee who has prior service covered by a local police or  
27.15 firefighters relief association that has consolidated with the Public Employees Retirement  
27.16 Association under chapter 353A or to which section 353.665 applies, and who has  
27.17 elected the type of benefit coverage provided by the public employees police and fire  
27.18 fund either under section 353A.08 following the consolidation or under section 353.665,  
27.19 subdivision 4, "allowable service" is a period of service credited by the local police or  
27.20 firefighters relief association as of the effective date of the consolidation based on law  
27.21 and on bylaw provisions governing the relief association on the date of the initiation  
27.22 of the consolidation procedure.

27.23 (d) No member may receive more than 12 months of allowable service credit in a  
27.24 year either for vesting purposes or for benefit calculation purposes. For an active member  
27.25 who was an active member of the former Minneapolis Firefighters Relief Association on  
27.26 the day prior to the effective date of consolidation under Laws 2011, First Special Session  
27.27 chapter 8, article 6, section 19, "allowable service" is the period of service credited by  
27.28 the Minneapolis Firefighters Relief Association as reflected in the transferred records of  
27.29 the association up to the effective date of consolidation under Laws 2011, First Special  
27.30 Session chapter 8, article 6, section 19, and the period of service credited under paragraph  
27.31 (a), clause (1), after the effective date of consolidation under Laws 2011, First Special  
27.32 Session chapter 8, article 6, section 19. For an active member who was an active member  
27.33 of the former Minneapolis Police Relief Association on the day prior to the effective date  
27.34 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,  
27.35 "allowable service" is the period of service credited by the Minneapolis Police Relief  
27.36 Association as reflected in the transferred records of the association up to the effective date

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28.1 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,  
28.2 and the period of service credited under paragraph (a), clause (1), after the effective date  
28.3 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

28.4 (e) MS 2002 [Expired]

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

28.6 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 47, is amended to read:

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

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

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

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

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

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

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

28.28 (i) 50 percent after five years;

28.29 (ii) 60 percent after six years;

28.30 (iii) 70 percent after seven years;

28.31 (iv) 80 percent after eight years;

28.32 (v) 90 percent after nine years; and

28.33 (vi) 100 percent after ten years.

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

29.1 Sec. 3. Minnesota Statutes 2010, section 353.50, subdivision 7, is amended to read:

29.2 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the  
29.3 member and employer contributions to the MERF division account are governed by this  
29.4 subdivision.

29.5 (b) An active member covered by the MERF division must make an employee  
29.6 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,  
29.7 subdivision 10. The employee contribution must be made by payroll deduction by the  
29.8 member's employing unit under section 353.27, subdivision 4, and is subject to the  
29.9 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

29.10 (c) The employer regular contribution to the MERF division account with respect  
29.11 to an active MERF division member is 9.75 percent of the total salary of the member as  
29.12 defined in section 353.01, subdivision 10.

29.13 (d) The employer additional contribution to the MERF division account with respect  
29.14 to an active member of the MERF division is 2.68 percent of the total salary of the member  
29.15 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000  
29.16 that the employing unit paid or is payable to the former Minneapolis Employees  
29.17 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,  
29.18 or 2a, during calendar year 2009, as was certified by the former executive director of the  
29.19 former Minneapolis Employees Retirement Fund.

29.20 (e) Annually after June 30, 2012, the employer supplemental contribution to  
29.21 the MERF division account by the city of Minneapolis, Special School District No. 1,  
29.22 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,  
29.23 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and  
29.24 the Minnesota State Colleges and Universities system is the larger of the following:

29.25 (1) the amount by which the total actuarial required contribution determined under  
29.26 section 356.215 by the approved actuary retained by the Public Employees Retirement  
29.27 Association in the most recent actuarial valuation of the MERF division and based on a  
29.28 June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b),  
29.29 (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or

29.30 (2) the amount of \$27,000,000, but the total supplemental contribution amount  
29.31 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each  
29.32 employing unit's share of the total employer supplemental contribution amount is equal to  
29.33 the applicable portion specified in paragraph ~~(g)~~ (h). The initial total actuarial required  
29.34 contribution after June 30, 2012, must be calculated using the mortality assumption  
29.35 change recommended on September 30, 2009, for the Minneapolis Employees Retirement

30.1 Fund by the approved consulting actuary retained by the Minneapolis Employees  
30.2 Retirement Fund board.

30.3 (f) Before January 31, each employing unit must be invoiced for its share of the  
30.4 total employer supplemental contribution amount under paragraph (e). The amount is  
30.5 payable by the employing unit in two parts. The first half of the amount due is payable  
30.6 on or before the July 31 following the date of the invoice, and the second half of the  
30.7 amount due is payable on or before December 15. Each invoice must be based on the  
30.8 actuarial valuation report prepared under section 356.215 and the standards for actuarial  
30.9 work promulgated by the Legislative Commission on Pensions and Retirement as of the  
30.10 valuation date occurring 18 months earlier.

30.11 ~~(f)~~ (g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as  
30.12 of August 1 annually, if the amount of the retirement annuities and benefits paid from the  
30.13 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,  
30.14 exceeds the market value of the assets of the MERF division account on the preceding  
30.15 June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies,  
30.16 plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding  
30.17 fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional  
30.18 employer contribution. The special additional employer contribution under this paragraph  
30.19 is payable in addition to any employer contribution required under paragraphs (c), (d), and  
30.20 (e), and is payable on or before the following June 30. The special additional employer  
30.21 contribution under this paragraph must be allocated as specified in paragraph ~~(g)~~ (h).

30.22 ~~(g)~~ (h) The employer supplemental contribution under paragraph (e) or the special  
30.23 additional employer contribution under paragraph ~~(f)~~ (g) must be allocated between the  
30.24 city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned  
30.25 public utility, improvement, or municipal activity, the Minnesota State Colleges and  
30.26 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan  
30.27 Airports Commission in proportion to their share of the actuarial accrued liability of the  
30.28 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the  
30.29 approved actuary retained under section 356.214 as part of the actuarial valuation prepared  
30.30 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by  
30.31 the Legislative Commission on Pensions and Retirement.

30.32 ~~(h)~~ (i) The employer contributions under paragraphs (c), (d), ~~and (e)~~, and (g) must be  
30.33 paid as provided in section 353.28.

30.34 ~~(i)~~ (j) Contributions under this subdivision are subject to the provisions of section  
30.35 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

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

31.1 Sec. 4. Minnesota Statutes 2010, section 353.656, subdivision 2, is amended to read:

31.2 Subd. 2. **Benefits paid under workers' compensation law.** (a) If a member, ~~as~~  
31.3 ~~described in subdivision 1, is injured under circumstances which entitle the member to~~  
31.4 ~~receive benefits under the~~ becomes disabled and receives a disability benefit as specified  
31.5 in this section and is also entitled to receive lump sum or periodic benefits under workers'  
31.6 compensation law, the member shall receive the same benefits as provided in subdivision  
31.7 1, with disability benefits paid reimbursed and future benefits reduced by all periodic or  
31.8 lump-sum amounts, other than those amounts excluded under paragraph (b), paid to the  
31.9 member under the workers' compensation law, after deduction of amount of attorney fees,  
31.10 authorized under applicable workers' compensation laws, paid by a disabilitant if the total  
31.11 of laws, the single life annuity actuarial equivalent disability benefit amount and the  
31.12 workers' compensation benefit exceeds: amount must be added. The computation must  
31.13 exclude any attorney fees paid by the disabilitant as authorized under applicable workers'  
31.14 compensation laws. The computation must also exclude permanent partial disability  
31.15 payments provided under section 176.101, subdivision 2a, and retraining payments under  
31.16 section 176.102, subdivision 11, if the permanent partial disability or retraining payments  
31.17 are reported to the executive director in a manner specified by the executive director.

31.18 (b) The equivalent salary is the amount determined under clause (1) or (2),  
31.19 whichever is greater:

31.20 (1) the salary the disabled member received as of the date of the disability; or

31.21 (2) the salary currently payable for the same employment position or ~~an employment~~  
31.22 ~~position~~ substantially similar to the one the person held as of the date of the disability,  
31.23 ~~whichever is greater. The disability benefit must be reduced to that amount which, when~~  
31.24 ~~added to the workers' compensation benefits, does not exceed the greater of the salaries~~  
31.25 ~~described in clauses (1) and (2) positions in the applicable government subdivision.~~

31.26 ~~(b) Permanent partial disability payments provided for in section 176.101,~~  
31.27 ~~subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11,~~  
31.28 ~~must not be offset from disability payments due under paragraph (a) if the amounts of~~  
31.29 ~~the permanent partial or retraining payments are reported to the executive director in a~~  
31.30 ~~manner specified by the executive director.~~

31.31 (c) If the amount determined under paragraph (a) exceeds the equivalent salary  
31.32 determined under paragraph (b), the disability benefit amount must be reduced to that  
31.33 amount which, when added to the workers' compensation benefits, equals the equivalent  
31.34 salary.

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

32.1 Sec. 5. PERA-ADMINISTERED RETIREMENT PLANS; STUDY OF  
32.2 UPDATED MEMBERSHIP WAGE THRESHOLD FIGURE.

32.3 (a) The Public Employees Retirement Association shall: (1) identify the options  
32.4 for revising the membership threshold salary under Minnesota Statutes, section 353.01,  
32.5 subdivisions 2a and 2b, for membership in a retirement plan administered by the  
32.6 association; (2) determine the actuarial impact on the retirement plans administered by the  
32.7 association, the financial impact on participating employers, and the financial impact on  
32.8 prospective public employees of each option; and (3) formulate the recommendations for  
32.9 structuring each identified option.

32.10 (b) The Public Employees Retirement Association shall report its findings and  
32.11 recommendations of its study to the chair, the vice chair, and the executive director of the  
32.12 Legislative Commission on Pensions and Retirement. The report must be filed with the  
32.13 commission on or before February 15, 2013.

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

32.15 **ARTICLE 7**

32.16 **REVISIONS IN THE PERA PRIVATIZATION LAW**

32.17 Section 1. Minnesota Statutes 2010, section 353F.02, subdivision 4, is amended to read:

32.18 Subd. 4. **Medical facility.** "Medical facility" means:

32.19 (1) Bridges Medical Services;

32.20 (2) Cedarview Care Center in Steele County;

32.21 ~~(2)~~ (3) the City of Cannon Falls Hospital;

32.22 ~~(3)~~ (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

32.23 ~~(4)~~ (5) Clearwater County Memorial Hospital doing business as Clearwater Health  
32.24 Services in Bagley;

32.25 ~~(5)~~ (6) the Dassel Lakeside Community Home;

32.26 ~~(6)~~ (7) the Douglas County Hospital, with respect to the Mental Health Unit;

32.27 ~~(7)~~ (8) the Fair Oaks Lodge, Wadena;

32.28 ~~(8)~~ (9) the Glencoe Area Health Center;

32.29 ~~(9)~~ (10) Hutchinson Area Health Care;

32.30 ~~(10)~~ (11) the Lakefield Nursing Home;

32.31 ~~(11)~~ (12) the Lakeview Nursing Home in Gaylord;

32.32 ~~(12)~~ (13) the Luverne Public Hospital;

32.33 ~~(13)~~ (14) the Oakland Park Nursing Home;

32.34 ~~(14)~~ (15) the RenVilla Nursing Home;

33.1           ~~(15)~~ (16) the Rice Memorial Hospital in Willmar, with respect to the Department  
33.2 of Radiology and the Department of Radiation/Oncology;  
33.3           ~~(16)~~ (17) the St. Peter Community Health Care Center;  
33.4           (18) the Traverse Care Center in Traverse County;  
33.5           ~~(17)~~ (19) the Waconia-Ridgeview Medical Center;  
33.6           ~~(18)~~ (20) the Weiner Memorial Medical Center, Inc.;  
33.7           ~~(19)~~ (21) the Wheaton Community Hospital; and  
33.8           ~~(20)~~ (22) the Worthington Regional Hospital.

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

33.10          Sec. 2. Minnesota Statutes 2010, section 353F.04, subdivision 1, is amended to read:

33.11           Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of  
33.12 a terminated medical facility or other public employing unit employee is subject  
33.13 to augmentation under section 353.71, subdivision 2, of the edition of Minnesota  
33.14 Statutes published in the year in which the privatization occurred, except that the rate  
33.15 of augmentation is as specified in ~~paragraph (b) or (c), whichever is applicable~~ this  
33.16 subdivision.

33.17           (b) This paragraph applies if the legislation adding the medical facility or other  
33.18 employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before  
33.19 July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area  
33.20 Health Care or before January 1, 2007, for all other medical facilities and all other  
33.21 employing units. For a terminated medical facility or other public employing unit  
33.22 employee, the augmentation rate is 5.5 percent compounded annually until January 1  
33.23 following the year in which the person attains age 55. From that date to the effective date  
33.24 of retirement, the augmentation rate is 7.5 percent compounded annually.

33.25           (c) If paragraph (b) is not applicable, and if the effective date of the privatization is  
33.26 before January 1, 2011, the augmentation rate is four percent compounded annually until  
33.27 January 1, following the year in which the person attains age 55. From that date to the  
33.28 effective date of retirement, the augmentation rate is six percent compounded annually.

33.29           (d) If the effective date of the privatization is after December 31, 2010, the  
33.30 applicable augmentation rate depends on the result of computations specified in section  
33.31 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of  
33.32 the general employees retirement plan of the Public Employees Retirement Association,  
33.33 the augmentation rate is 2.0 percent compounded annually until the effective date of  
33.34 retirement. If the computations under that subdivision indicate a net loss to the fund if  
33.35 a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is

34.1 used, then the augmentation rate is 1.0 percent compounded annually until the effective  
34.2 date of retirement.

34.3 (e) The term "effective date of the privatization" as used in this subdivision means  
34.4 the "effective date" as defined in section 353F.02, subdivision 3.

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

34.6 Sec. 3. Minnesota Statutes 2010, section 353F.07, is amended to read:

34.7 **353F.07 EFFECT ON REFUND.**

34.8 Notwithstanding any provision of chapter 353 to the contrary, terminated medical  
34.9 facility or other public employing unit employees may receive a refund of employee  
34.10 accumulated contributions plus interest ~~at the rate of six percent per year compounded~~  
34.11 ~~annually as provided in accordance with~~ section 353.34, subdivision 2, ~~of the edition~~  
34.12 ~~of Minnesota Statutes published in the year in which the privatization occurred,~~ at any  
34.13 time after the transfer of employment to the successor employer ~~to~~ of the terminated  
34.14 medical facility or other public employing unit. If a terminated medical facility or other  
34.15 public employing unit employee has received a refund from a pension plan ~~enumerated~~  
34.16 listed in section 356.30, subdivision 3, the person may not repay that refund unless the  
34.17 person again becomes a member of one of those ~~enumerated~~ listed plans and complies  
34.18 with section 356.30, subdivision 2.

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

34.20 **ARTICLE 8**

34.21 **TRA ADMINISTRATIVE CHANGES AND RELATED MODIFICATIONS**

34.22 Section 1. Minnesota Statutes 2010, section 16A.06, subdivision 9, is amended to read:

34.23 Subd. 9. **First class city teacher retirement funds aids reporting.** Each year,  
34.24 on or before April 15, the commissioner of management and budget shall report to the  
34.25 chairs of the senate Finance Committee and the house of representatives Ways and Means  
34.26 Committee on expenditures for state aids to the ~~Minneapolis and Saint St. Paul Teacher~~  
34.27 ~~Retirement Fund associations~~ Association, and to the Teachers Retirement Association on  
34.28 behalf of the merged Minneapolis Teachers Retirement Fund Association, under sections  
34.29 354.435, 354A.12, and 423A.02, subdivision 3. This report shall include the amounts  
34.30 expended in the most recent fiscal year and estimates of expected expenditures for the  
34.31 current and next fiscal year.

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

**S.F. No. 1808, 2nd Engrossment - 87th Legislative Session (2011-2012) [S1808-2]**

35.1 Sec. 2. Minnesota Statutes 2010, section 126C.41, subdivision 3, is amended to read:

35.2 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which  
35.3 this subdivision applies may levy an additional amount required for contributions to  
35.4 the general employees retirement plan of the Public Employees Retirement Association  
35.5 as the successor of the Minneapolis Employees Retirement Fund as a result of the  
35.6 maximum dollar amount limitation on state contributions to that plan imposed under  
35.7 section 353.505. The additional levy must not exceed the most recent amount certified by  
35.8 the executive director of the Public Employees Retirement Association as the district's  
35.9 share of the contribution requirement in excess of the maximum state contribution under  
35.10 section 353.505.

35.11 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,  
35.12 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase  
35.13 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,  
35.14 section 1.

35.15 (c) If the employer retirement fund contributions under section 354A.12, subdivision  
35.16 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,  
35.17 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable  
35.18 1994 or later an amount equal to the amount derived by applying the net increase in  
35.19 the employer retirement fund contribution rate of the respective teacher retirement fund  
35.20 association between fiscal year 1993 and the fiscal year beginning in the year after the  
35.21 levy is certified to the total covered payroll of the applicable teacher retirement fund  
35.22 association. If an applicable school district levies under this paragraph, they may not  
35.23 levy under paragraph (b).

35.24 (d) In addition to the levy authorized under paragraph (c), Special School District  
35.25 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the  
35.26 contributions under section ~~423A.02~~ 354.435, subdivision ~~3~~ 2, and may also levy in  
35.27 payable 1994 or later an amount equal to the state aid contribution under section ~~354A.12~~  
35.28 354.435, subdivision ~~3~~ 1. Independent School District No. 625, St. Paul, may levy  
35.29 payable in 1997 or later an amount equal to the supplemental contributions under section  
35.30 423A.02, subdivision 3.

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

35.32 Sec. 3. **[354.435] ADDITIONAL CONTRIBUTIONS BY SPECIAL SCHOOL**  
35.33 **DISTRICT NO. 1 AND CITY OF MINNEAPOLIS.**

35.34 **Subdivision 1. Special direct state matching aid.** (a) Special School District No. 1,  
35.35 Minneapolis, and the city of Minneapolis must make additional employer contributions

36.1 to the Teachers Retirement Association in the amounts specified in paragraph (b). These  
36.2 contributions can be made from any available source. If made in whole or in part by a  
36.3 levy, the levy may be classified as that of a special taxing district for purposes of sections  
36.4 275.065 and 276.04, and for all other property tax purposes.

36.5 (b) Each fiscal year \$1,250,000 must be contributed by Special School District  
36.6 No. 1, Minneapolis, and \$1,250,000 must be contributed by the city of Minneapolis to  
36.7 the Teachers Retirement Association and the state shall match this total by paying to  
36.8 the Teachers Retirement Association \$2,500,000. The superintendent of Special School  
36.9 District No. 1, Minneapolis, the mayor of the city of Minneapolis, and the executive  
36.10 director of the Teachers Retirement Association shall jointly certify to the commissioner  
36.11 of management and budget the total amount that has been contributed by Special School  
36.12 District No. 1, Minneapolis, and by the city of Minneapolis to the Teachers Retirement  
36.13 Association. Any certification to the commissioner of management and budget must  
36.14 be made quarterly. If the certifications for a fiscal year exceed the maximum annual  
36.15 direct state matching aid amount in any quarter, the amount of direct state matching aid  
36.16 payable to the Teachers Retirement Association must be limited to the balance of the  
36.17 maximum annual direct state matching aid amount available. The amount required under  
36.18 this paragraph, subject to the maximum direct state matching aid amount, is appropriated  
36.19 annually to the commissioner of management and budget.

36.20 (c) The commissioner of management and budget may prescribe the form of the  
36.21 certifications required under paragraph (b).

36.22 Subd. 2. **Additional contributions.** In addition to any other required contributions,  
36.23 on or before June 30 each fiscal year, Special School District No. 1, Minneapolis, and the  
36.24 city of Minneapolis must each make an additional contribution to the Teachers Retirement  
36.25 Association of \$1,000,000.

36.26 Subd. 3. **Procedure for recovery of deficient or delinquent amounts.** If Special  
36.27 School District No. 1, Minneapolis, or the city of Minneapolis fails to pay the full amount  
36.28 required under subdivision 1, paragraph (b), or 2, in a timely manner, the executive  
36.29 director is authorized to use section 354.512, or any other process in law to ensure full  
36.30 payment is obtained.

36.31 Subd. 4. **Expiration.** This section expires effective the first day of the fiscal year  
36.32 next following the fiscal year in which the Teachers Retirement Association has no  
36.33 unfunded actuarial accrued liability as determined by the actuarial valuation prepared  
36.34 under section 356.215 by the approved actuary retained under section 356.214.

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

37.1 Sec. 4. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

37.2 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the  
37.3 event that full required member contributions are not deducted from the salary of a  
37.4 teacher, payment must be made as follows:

37.5 (1) Payment of shortages in member deductions on salary earned after June 30,  
37.6 1957, and before July 1, 1981, may be made any time before retirement. Payment must  
37.7 include interest at an annual rate of 8.5 percent compounded annually from the end of the  
37.8 fiscal year in which the shortage occurred to the end of the month in which payment is  
37.9 made and the interest must be credited to the fund. If payment of a shortage in deductions  
37.10 is not made, the formula service credit of the member must be prorated under section  
37.11 354.05, subdivision 25, clause (3).

37.12 (2) Payment of shortages in member deductions on salary earned after June 30,  
37.13 1981, are the sole obligation of the employing unit and are payable by the employing  
37.14 unit upon notification by the executive director of the shortage with interest at an annual  
37.15 rate of 8.5 percent compounded annually from the end of the fiscal year in which the  
37.16 shortage occurred to the end of the month in which payment is made and the interest  
37.17 must be credited to the fund. Effective July 1, 1986, the employing unit shall also pay  
37.18 the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the  
37.19 shortages. If the shortage payment is not paid by the employing unit within 60 days of  
37.20 notification, and if the executive director does not use the recovery procedure in section  
37.21 354.512, the executive director shall certify the amount of the shortage ~~payment~~ to the  
37.22 applicable county auditor, who shall spread a levy in the amount of the shortage payment  
37.23 over the taxable property of the taxing district of the employing unit if the employing unit  
37.24 is supported by property taxes, ~~or to the commissioner of management and budget, who~~  
37.25 ~~shall deduct the amount from any state aid or appropriation amount applicable to the~~  
37.26 ~~employing unit if the employing unit is not supported by property taxes.~~

37.27 (3) Payment may not be made for shortages in member deductions on salary earned  
37.28 before July 1, 1957, for shortages in member deductions on salary paid or payable under  
37.29 paragraph (b), or for shortages in member deductions for persons employed by the  
37.30 Minnesota State Colleges and Universities system in a faculty position or in an eligible  
37.31 unclassified administrative position and whose employment was less than 25 percent  
37.32 of a full academic year, exclusive of the summer session, for the applicable institution  
37.33 that exceeds the most recent 36 months.

37.34 (b) For a person who is employed by the Minnesota State Colleges and Universities  
37.35 system in a faculty position or in an eligible unclassified administrative position and  
37.36 whose employment was less than 25 percent of a full academic year, exclusive of the

38.1 summer session, for the applicable institution, upon the person's election under section  
38.2 354B.21 of retirement coverage under this chapter, the shortage in member deductions  
38.3 on the salary for employment by the Minnesota State Colleges and Universities system  
38.4 institution of less than 25 percent of a full academic year, exclusive of the summer session,  
38.5 for the applicable institution for the most recent 36 months and the associated employer  
38.6 contributions must be paid by the Minnesota State Colleges and Universities system  
38.7 institution, plus annual compound interest at the rate of 8.5 percent from the end of the  
38.8 fiscal year in which the shortage occurred to the end of the month in which the Teachers  
38.9 Retirement Association coverage election is made. ~~If the shortage payment is not made by~~  
38.10 ~~the institution within 60 days of notification, the executive director shall certify the amount~~  
38.11 ~~of the shortage payment to the commissioner of management and budget, who shall deduct~~  
38.12 ~~the amount from any state appropriation to the system.~~ An individual electing coverage  
38.13 under this paragraph shall repay the amount of the shortage in member deductions, plus  
38.14 interest, through deduction from salary or compensation payments within the first year of  
38.15 employment after the election under section 354B.21, subject to the limitations in section  
38.16 16D.16. The Minnesota State Colleges and Universities system may use any means  
38.17 available to recover amounts which were not recovered through deductions from salary or  
38.18 compensation payments. No payment of the shortage in member deductions under this  
38.19 paragraph may be made for a period longer than the most recent 36 months.

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

38.21 Sec. 5. **[354.512] RECOVERY OF DEFICIENCIES.**

38.22 In addition to any other remedies permitted under law, if an employing unit or  
38.23 other entity required by law to make any form of payment to the Teachers Retirement  
38.24 Association fails to make full payment within 60 days of notification, the executive  
38.25 director is authorized to certify the amount of deficiency to the commissioner of  
38.26 management and budget, who shall deduct the amount from any state aid or appropriation  
38.27 applicable to the employing unit or entity, and transmit the withheld aid or appropriation  
38.28 to the executive director for deposit in the fund.

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

38.30 Sec. 6. Minnesota Statutes 2010, section 354A.12, subdivision 3c, is amended to read:

38.31 Subd. 3c. **Termination of supplemental contributions and direct matching and**  
38.32 **state aid.** ~~The supplemental contributions payable to the Minneapolis Teachers Retirement~~  
38.33 ~~Fund Association by Special School District No. 1 and the city of Minneapolis under~~

**S.F. No. 1808, 2nd Engrossment - 87th Legislative Session (2011-2012) [S1808-2]**

39.1 ~~section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and~~  
 39.2 ~~must continue until the current assets of the fund equal or exceed the actuarial accrued~~  
 39.3 ~~liability of the fund as determined in the most recent actuarial report for the fund by~~  
 39.4 ~~the actuary retained under section 356.214, or 2037, whichever occurs earlier. The~~  
 39.5 supplemental contributions payable to the St. Paul Teachers Retirement Fund Association  
 39.6 by Independent School District No. 625 under section 423A.02, subdivision 3, or the  
 39.7 direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association  
 39.8 must continue until the current assets of the fund equal or exceed the actuarial accrued  
 39.9 liability of the fund as determined in the most recent actuarial report for the fund by the  
 39.10 actuary retained under section 356.214 or until 2037, whichever occurs earlier.

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

39.12 Sec. 7. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is  
 39.13 amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
39.20 general state employees retirement plan	8.5%	6.0%
39.21 correctional state employees retirement plan	8.5	6.0
39.22 State Patrol retirement plan	8.5	6.0
39.23 legislators retirement plan	8.5	6.0
39.24 elective state officers retirement plan	8.5	6.0
39.25 judges retirement plan	8.5	6.0
39.26 general public employees retirement plan	8.5	6.0
39.27 public employees police and fire retirement plan	8.5	6.0
39.28 local government correctional service 39.29 retirement plan	8.5	6.0
39.30 teachers retirement plan	8.5	6.0
39.31 Duluth teachers retirement plan	8.5	8.5
39.32 St. Paul teachers retirement plan	8.5	8.5
39.33 Fairmont Police Relief Association	5.0	5.0
39.34 Virginia Fire Department Relief Association	5.0	5.0
39.35 Bloomington Fire Department Relief 39.36 Association	6.0	6.0
39.37 local monthly benefit volunteer firefighters 39.38 relief associations	5.0	5.0

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40.1 (b) Before July 1, 2010, the actuarial valuation must use the applicable following  
40.2 single rate future salary increase assumption, the applicable following modified single  
40.3 rate future salary increase assumption, or the applicable following graded rate future  
40.4 salary increase assumption:

40.5 (1) single rate future salary increase assumption

40.6	plan	future salary increase assumption
40.7	legislators retirement plan	5.0%
40.8	judges retirement plan	4.0
40.9	Fairmont Police Relief Association	3.5
40.10	Virginia Fire Department Relief Association	3.5
40.11	Bloomington Fire Department Relief	4.0
40.12	Association	

40.13 (2) age-related select and ultimate future salary increase assumption or graded rate  
40.14 future salary increase assumption

40.15	plan	future salary increase assumption
40.16	correctional state employees retirement plan	assumption D
40.17	State Patrol retirement plan	assumption C
40.18	local government correctional service retirement plan	assumption C
40.19	Duluth teachers retirement plan	assumption A
40.20	St. Paul teachers retirement plan	assumption B

40.21 For plans other than the Duluth teachers  
40.22 retirement plan, the select calculation  
40.23 is: during the designated select period, a  
40.24 designated percentage rate is multiplied by  
40.25 the result of the designated integer minus T,  
40.26 where T is the number of completed years of  
40.27 service, and is added to the applicable future  
40.28 salary increase assumption. ~~The designated~~  
40.29 ~~select period is five years and the designated~~  
40.30 ~~integer is five for the general state employees~~  
40.31 ~~retirement plan.~~ The designated select period  
40.32 is ten years and the designated integer is ten  
40.33 for all ~~other~~ retirement plans covered by  
40.34 this clause. The designated percentage rate  
40.35 is: (1) 0.2 percent for the correctional state  
40.36 employees retirement plan, the State Patrol  
40.37 retirement plan, and the local government

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41.1 correctional service retirement plan; and (2)  
 41.2 ~~0.6 percent for the general state employees~~  
 41.3 ~~retirement plan; and (3) 0.3 percent for the~~  
 41.4 ~~teachers retirement plan, the Duluth Teachers~~  
 41.5 ~~Retirement Fund Association, and the St.~~  
 41.6 Paul Teachers Retirement Fund Association.  
 41.7 The select calculation for the Duluth Teachers  
 41.8 Retirement Fund Association is 8.00 percent  
 41.9 per year for service years one through seven,  
 41.10 7.25 percent per year for service years seven  
 41.11 and eight, and 6.50 percent per year for  
 41.12 service years eight and nine.

41.13 The ultimate future salary increase assumption is:

41.14	age	A	B	C	D
41.15	16	8.00%	6.90%	7.7500%	7.2500%
41.16	17	8.00	6.90	7.7500	7.2500
41.17	18	8.00	6.90	7.7500	7.2500
41.18	19	8.00	6.90	7.7500	7.2500
41.19	20	6.90	6.90	7.7500	7.2500
41.20	21	6.90	6.90	7.1454	6.6454
41.21	22	6.90	6.90	7.0725	6.5725
41.22	23	6.85	6.85	7.0544	6.5544
41.23	24	6.80	6.80	7.0363	6.5363
41.24	25	6.75	6.75	7.0000	6.5000
41.25	26	6.70	6.70	7.0000	6.5000
41.26	27	6.65	6.65	7.0000	6.5000
41.27	28	6.60	6.60	7.0000	6.5000
41.28	29	6.55	6.55	7.0000	6.5000
41.29	30	6.50	6.50	7.0000	6.5000
41.30	31	6.45	6.45	7.0000	6.5000
41.31	32	6.40	6.40	7.0000	6.5000
41.32	33	6.35	6.35	7.0000	6.5000
41.33	34	6.30	6.30	7.0000	6.5000
41.34	35	6.25	6.25	7.0000	6.5000
41.35	36	6.20	6.20	6.9019	6.4019
41.36	37	6.15	6.15	6.8074	6.3074
41.37	38	6.10	6.10	6.7125	6.2125
41.38	39	6.05	6.05	6.6054	6.1054
41.39	40	6.00	6.00	6.5000	6.0000
41.40	41	5.90	5.95	6.3540	5.8540
41.41	42	5.80	5.90	6.2087	5.7087

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42.1	43	5.70	5.85	6.0622	5.5622
42.2	44	5.60	5.80	5.9048	5.4078
42.3	45	5.50	5.75	5.7500	5.2500
42.4	46	5.40	5.70	5.6940	5.1940
42.5	47	5.30	5.65	5.6375	5.1375
42.6	48	5.20	5.60	5.5822	5.0822
42.7	49	5.10	5.55	5.5404	5.0404
42.8	50	5.00	5.50	5.5000	5.0000
42.9	51	4.90	5.45	5.4384	4.9384
42.10	52	4.80	5.40	5.3776	4.8776
42.11	53	4.70	5.35	5.3167	4.8167
42.12	54	4.60	5.30	5.2826	4.7826
42.13	55	4.50	5.25	5.2500	4.7500
42.14	56	4.40	5.20	5.2500	4.7500
42.15	57	4.30	5.15	5.2500	4.7500
42.16	58	4.20	5.10	5.2500	4.7500
42.17	59	4.10	5.05	5.2500	4.7500
42.18	60	4.00	5.00	5.2500	4.7500
42.19	61	3.90	5.00	5.2500	4.7500
42.20	62	3.80	5.00	5.2500	4.7500
42.21	63	3.70	5.00	5.2500	4.7500
42.22	64	3.60	5.00	5.2500	4.7500
42.23	65	3.50	5.00	5.2500	4.7500
42.24	66	3.50	5.00	5.2500	4.7500
42.25	67	3.50	5.00	5.2500	4.7500
42.26	68	3.50	5.00	5.2500	4.7500
42.27	69	3.50	5.00	5.2500	4.7500
42.28	70	3.50	5.00	5.2500	4.7500
42.29	(3) service-related ultimate future salary increase assumption				
42.30	general state employees retirement plan of the				assumption A
42.31	Minnesota State Retirement System				
42.32	general employees retirement plan of the Public				assumption B
42.33	Employees Retirement Association				
42.34	Teachers Retirement Association				assumption C
42.35	public employees police and fire retirement plan				assumption D
42.36	service				
42.37	length	A	B	C	D
42.38	1	10.75%	12.25%	12.00%	13.00%
42.39	2	8.35	9.15	9.00	11.00
42.40	3	7.15	7.75	8.00	9.00
42.41	4	6.45	6.85	7.50	8.00
42.42	5	5.95	6.25	7.25	6.50
42.43	6	5.55	5.75	7.00	6.10

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43.1	7	5.25	5.45	6.85	5.80
43.2	8	4.95	5.15	6.70	5.60
43.3	9	4.75	4.85	6.55	5.40
43.4	10	4.65	4.65	6.40	5.30
43.5	11	4.45	4.45	6.25	5.20
43.6	12	4.35	4.35	6.00	5.10
43.7	13	4.25	4.15	5.75	5.00
43.8	14	4.05	4.05	5.50	4.90
43.9	15	3.95	3.95	5.25	4.80
43.10	16	3.85	3.85	5.00	4.80
43.11	17	3.75	3.75	4.75	4.80
43.12	18	3.75	3.75	4.50	4.80
43.13	19	3.75	3.75	4.25	4.80
43.14	20	3.75	3.75	4.00	4.80
43.15	21	3.75	3.75	3.90	4.70
43.16	22	3.75	3.75	3.80	4.60
43.17	23	3.75	3.75	3.70	4.50
43.18	24	3.75	3.75	3.60	4.50
43.19	25	3.75	3.75	3.50	4.50
43.20	26	3.75	3.75	3.50	4.50
43.21	27	3.75	3.75	3.50	4.50
43.22	28	3.75	3.75	3.50	4.50
43.23	29	3.75	3.75	3.50	4.50
43.24	30 or more	3.75	3.75	3.50	4.50

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

43.29	plan	payroll growth assumption
43.30	general state employees retirement plan of the	3.75%
43.31	Minnesota State Retirement System	
43.32	correctional state employees retirement plan	4.50
43.33	State Patrol retirement plan	4.50
43.34	legislators retirement plan	4.50
43.35	judges retirement plan	4.00
43.36	general employees retirement plan of the Public	3.75
43.37	Employees Retirement Association	
43.38	public employees police and fire retirement plan	3.75
43.39	local government correctional service retirement plan	4.50
43.40	teachers retirement plan	3.75
43.41	Duluth teachers retirement plan	4.50
43.42	St. Paul teachers retirement plan	5.00

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

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

44.4 (2) is accompanied by the concurring recommendation of the actuary retained under  
44.5 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the  
44.6 most recent actuarial valuation report if section 356.214 does not apply; and

44.7 (3) has been approved or deemed approved under subdivision 18.

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

44.9 Sec. 8. Minnesota Statutes 2010, section 356.415, subdivision 1d, is amended to read:

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

44.11 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers  
44.12 Retirement Association are entitled to a postretirement adjustment annually on January  
44.13 1, as follows:

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

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

44.20 (3) for January 1, 2013, and each successive January 1 until funding stability is  
44.21 restored, for each annuitant or benefit recipient who has been receiving an annuity or a  
44.22 benefit for at least six full months before the January 1 increase, an annual postretirement  
44.23 increase of 1/12 of two percent for each month the person has been receiving an annuity or  
44.24 benefit must be applied, effective January 1, ~~following the year in~~ for which the person has  
44.25 been retired for at least six months but less than 12 18 months;

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

44.30 (5) for each January 1 following the restoration of funding stability, for each  
44.31 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six  
44.32 full months before the January 1 increase, an annual postretirement increase of 1/12 of  
44.33 2.5 percent for each month the person has been receiving an annuity or benefit must be  
44.34 applied, effective January 1, ~~following the year in~~ for which the person has been retired  
44.35 for at least six months but less than 12 18 months.

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

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

45.10 (d) The retirement annuity payable to a person who retires before becoming eligible  
45.11 for Social Security benefits and who has elected the optional payment as provided in  
45.12 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life  
45.13 retirement annuity for the purposes of any postretirement adjustment. The period-certain  
45.14 retirement annuity plus the life retirement annuity must be the annuity amount payable  
45.15 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an  
45.16 annuity amount payable under section 354.35. A postretirement adjustment granted on  
45.17 the period-certain retirement annuity must terminate when the period-certain retirement  
45.18 annuity terminates.

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

45.20 Sec. 9. Minnesota Statutes 2010, section 423A.02, subdivision 3, is amended to read:

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

45.34 (b) In order to receive amortization and supplementary amortization aid under  
45.35 paragraph (a), prior to June 30 Independent School District No. 625, St. Paul, must make

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46.1 ~~contributions~~ an additional contribution of \$800,000 each year to the St. Paul Teachers  
 46.2 Retirement Fund Association in accordance with the following schedule:

46.3	Fiscal Year	Amount
46.4	<del>1996</del>	\$ 0
46.5	<del>1997</del>	\$ 0
46.6	<del>1998</del>	\$ 200,000
46.7	<del>1999</del>	\$ 400,000
46.8	<del>2000</del>	\$ 600,000
46.9	<del>2001 and thereafter</del>	\$ 800,000

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

46.13	Fiscal Year	City amount	School district amount
46.14			
46.15	<del>1996</del>	\$ 0	\$ 0
46.16	<del>1997</del>	\$ 0	\$ 0
46.17	<del>1998</del>	\$ 250,000	\$ 250,000
46.18	<del>1999</del>	\$ 400,000	\$ 400,000
46.19	<del>2000</del>	\$ 550,000	\$ 550,000
46.20	<del>2001</del>	\$ 700,000	\$ 700,000
46.21	<del>2002</del>	\$ 850,000	\$ 850,000
46.22	<del>2003 and thereafter</del>	\$ 1,000,000	\$ 1,000,000

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

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

46.30 Sec. 10. **REPEALER.**

46.31 Minnesota Statutes 2010, sections 128D.18; and 354A.12, subdivision 3b, are  
 46.32 repealed.

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

ARTICLE 9

FEDERAL INTERNAL REVENUE CODE CONFORMITY PROVISIONS

Section 1. Minnesota Statutes 2010, section 356.611, subdivision 2, is amended to read:

Subd. 2. **Federal compensation limits.** (a) For members of a covered pension plan enumerated in section 356.30, subdivision 3, and of the plan established under chapter 353D, compensation in excess of the limitation specified in section 401(a)(17) of the Internal Revenue Code, as amended, for changes in the cost of living under section 401(a)(17)(B) of the Internal Revenue Code, may not be included for contribution and benefit computation purposes.

(b) Notwithstanding paragraph (a), for members specified in paragraph (a) who first contributed to a plan specified in that paragraph before July 1, 1995, the annual compensation limit specified in Internal Revenue Code section 401(a)(17) of the Internal Revenue Code on June 30, 1993, applies if that provides a greater allowable annual compensation.

(c) To the extent required by sections 3401(h) and 414(u)(12) of the federal Internal Revenue Code, an individual receiving a differential wage payment as defined in section 3401(h)(2) of the federal Internal Revenue Code from an employer shall be treated as employed by that employer, and the differential wage payment will be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the federal Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2009.

Sec. 2. Minnesota Statutes 2010, section 356.611, subdivision 3, is amended to read:

Subd. 3. **Maximum benefit limitations.** ~~A member's~~ An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. ~~For purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section must be the fiscal year or calendar year of that plan, whichever is applicable.~~ If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

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

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48.1 Sec. 3. Minnesota Statutes 2010, section 356.611, subdivision 3a, is amended to read:

48.2 Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The  
48.3 annual additions on behalf of a member to ~~the~~ a defined contribution plan established  
48.4 ~~under chapter 352D or 353D~~ for any limitation year ~~beginning after December 31, 2001,~~  
48.5 shall not exceed the ~~lesser of 100 percent of the member's compensation, as defined for~~  
48.6 ~~purposes of~~ applicable limitation on annual additions under section 415(c) of the federal  
48.7 Internal Revenue Code; or \$40,000, as adjusted by the United States secretary of the  
48.8 treasury under section 415(d) of the federal Internal Revenue Code.

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

48.10 Sec. 4. Minnesota Statutes 2010, section 356.611, subdivision 4, is amended to read:

48.11 Subd. 4. **Compensation.** ~~(a)~~ For purposes of this section, compensation means a  
48.12 member's compensation actually paid or made available for any limitation year including  
48.13 all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b)  
48.14 and excluding all items of remuneration described in federal treasury regulation section  
48.15 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not  
48.16 exceed the applicable federal compensation limit described in subdivision 2.

48.17 ~~(b) Compensation for any period includes:~~

48.18 ~~(1) any elective deferral as defined in section 402(g)(3) of the federal Internal~~  
48.19 ~~Revenue Code;~~

48.20 ~~(2) any elective amounts that are not includable in a member's gross income by~~  
48.21 ~~reason of sections 125 or 457 of the federal Internal Revenue Code; and~~

48.22 ~~(3) any elective amounts that are not includable in a member's gross income by~~  
48.23 ~~reason of section 132(f)(4) of the federal Internal Revenue Code.~~

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

48.25 Sec. 5. Minnesota Statutes 2010, section 356.611, is amended by adding a subdivision  
48.26 to read:

48.27 Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of  
48.28 section 415 of the federal Internal Revenue Code, the limitation year of a pension plan  
48.29 covered by this section is the calendar year or fiscal year, whichever is applicable.

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

48.31 Sec. 6. Minnesota Statutes 2010, section 356.635, subdivision 6, is amended to read:

48.32 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

49.1 (1) an individual retirement account under section 408(a) or 408A of the federal  
49.2 Internal Revenue Code;

49.3 (2) an individual retirement annuity plan under section 408(b) of the federal Internal  
49.4 Revenue Code;

49.5 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

49.6 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code  
49.7 that accepts the distributee's eligible rollover distribution;

49.8 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

49.9 (6) an eligible deferred compensation plan under section 457(b) of the federal  
49.10 Internal Revenue Code, which is maintained by a state or local government and which  
49.11 agrees to separately account for the amounts transferred into the plan; or

49.12 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an  
49.13 individual account or annuity treated as an inherited individual retirement account under  
49.14 section 402(c)(11) of the federal Internal Revenue Code.

49.15 (b) For distributions of after-tax contributions which are not includable in gross  
49.16 income, the after-tax portion may be transferred only to an individual retirement  
49.17 account or annuity described in section 408(a) or (b) of the federal Internal Revenue  
49.18 Code, to a Roth individual retirement account described in section 408A of the federal  
49.19 Internal Revenue Code, or to a qualified ~~defined contribution~~ plan described in either  
49.20 section 401(a) or 403(a) of the federal Internal Revenue Code, that agrees to separately  
49.21 account for the amounts transferred, including separately accounting for the portion of  
49.22 the distribution which is includable in gross income and the portion of the distribution  
49.23 which is not includable.

49.24 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2008.

49.25 Sec. 7. Minnesota Statutes 2010, section 356.635, subdivision 9, is amended to read:

49.26 Subd. 9. **Military service.** Contributions, benefits, including death and disability  
49.27 benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit  
49.28 with respect to qualified military service must be provided according to section 414(u) of  
49.29 the federal Internal Revenue Code.

49.30 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

## 49.31 **ARTICLE 10**

### 49.32 **AUTHORIZED PUBLIC PENSION FUND INVESTMENT REVISIONS**

49.33 Section 1. Minnesota Statutes 2010, section 11A.07, subdivision 4, is amended to read:

- 50.1 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:
- 50.2 (1) plan, direct, coordinate, and execute administrative and investment functions
- 50.3 in conformity with the policies and directives of the state board and the requirements of
- 50.4 this chapter and of chapter 356A;
- 50.5 (2) prepare and submit biennial and annual budgets to the board and with the
- 50.6 approval of the board submit the budgets to the Department of Management and Budget;
- 50.7 (3) employ professional and clerical staff as necessary. Employees whose primary
- 50.8 responsibility is to invest or manage money or employees who hold positions designated
- 50.9 as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the
- 50.10 state. Other employees are in the classified service. Unclassified employees who are
- 50.11 not covered by a collective bargaining agreement are employed under the terms and
- 50.12 conditions of the compensation plan approved under section 43A.18, subdivision 3b;
- 50.13 (4) report to the state board on all operations under the director's control and
- 50.14 supervision;
- 50.15 (5) maintain accurate and complete records of securities transactions and official
- 50.16 activities;
- 50.17 (6) establish a policy relating to the purchase and sale of securities on the basis of
- 50.18 competitive offerings or bids. The policy is subject to board approval;
- 50.19 (7) cause securities acquired to be kept in the custody of the commissioner of
- 50.20 management and budget or other depositories consistent with chapter 356A, as the state
- 50.21 board deems appropriate;
- 50.22 (8) prepare and file with the director of the Legislative Reference Library, by
- 50.23 December 31 of each year, a report summarizing the activities of the state board, the
- 50.24 council, and the director during the preceding fiscal year. The report must be prepared
- 50.25 so as to provide the legislature and the people of the state with a clear, comprehensive
- 50.26 summary of the portfolio composition, the transactions, the total annual rate of return,
- 50.27 and the yield to the state treasury and to each of the funds whose assets are invested by
- 50.28 the state board, and the recipients of business placed or commissions allocated among
- 50.29 the various commercial banks, investment bankers, money managers, and brokerage
- 50.30 organizations and the amount of these commissions or other fees. ~~The report must contain~~
- 50.31 ~~financial statements for funds managed by the board prepared in accordance with generally~~
- 50.32 ~~accepted accounting principles.~~ The report must include an executive summary;
- 50.33 (9) include on the state board's Web site its annual report and an executive summary
- 50.34 of its quarterly reports;

51.1 (10) require state officials from any department or agency to produce and provide  
51.2 access to any financial documents the state board deems necessary in the conduct of  
51.3 its investment activities;

51.4 (11) receive and expend legislative appropriations; and

51.5 (12) undertake any other activities necessary to implement the duties and powers  
51.6 set forth in this subdivision consistent with chapter 356A.

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

51.8 Sec. 2. Minnesota Statutes 2010, section 11A.14, subdivision 14, is amended to read:

51.9 Subd. 14. **Reports required.** As of each valuation date, or as often as the state  
51.10 board determines, each participant shall be informed of the number of units owned and the  
51.11 current value of the units. ~~Annually, the state board shall provide each participant financial~~  
51.12 ~~statements prepared in accordance with generally accepted accounting principles.~~

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

51.14 Sec. 3. Minnesota Statutes 2010, section 11A.24, is amended to read:

51.15 **11A.24 AUTHORIZED INVESTMENTS.**

51.16 Subdivision 1. **Securities generally.** (a) The state board ~~shall have the authority~~  
51.17 is authorized to purchase, sell, lend ~~or, and~~ exchange the ~~following~~ securities specified  
51.18 in this section, for funds or accounts specifically made subject to this section, including  
51.19 puts and call options and future contracts traded on a contract market regulated by a  
51.20 governmental agency or by a financial institution regulated by a governmental agency.  
51.21 These securities may be owned directly or through shares in exchange-traded or mutual  
51.22 funds, or as units in commingled trusts that own the securities described in subdivisions 2  
51.23 to 6, subject to any limitations as specified in this section.

51.24 (b) Any agreement to lend securities must be concurrently collateralized with cash  
51.25 or securities with a market value of not less than 100 percent of the market value of the  
51.26 loaned securities at the time of the agreement. Any agreement for put and call options  
51.27 and futures contracts may only be entered into with a fully offsetting amount of cash or  
51.28 securities. Only securities authorized by this section, excluding those under subdivision 6,  
51.29 paragraph (a), clauses (1) to ~~(4)~~ (3), may be accepted as collateral or offsetting securities.

51.30 Subd. 2. **Government obligations.** The state board ~~may~~ is authorized to invest  
51.31 funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness  
51.32 ~~provided~~ if the issue is backed by the full faith and credit of the issuer or if the issue  
51.33 is rated among the top four quality rating categories by a nationally recognized rating

52.1 agency. The obligations in which the board may invest under this subdivision ~~include~~ are  
52.2 guaranteed or insured issues of ~~(a):~~

52.3 (1) the United States, its agencies, its instrumentalities, or organizations created  
52.4 and regulated by an act of Congress; ~~(b)~~

52.5 (2) the Dominion of Canada and or any of its provinces, provided the principal and  
52.6 interest is are payable in United States dollars; ~~(c)~~

52.7 (3) any of the states and or any of their municipalities, political subdivisions,  
52.8 agencies or instrumentalities; ~~(d) the International Bank for Reconstruction and~~  
52.9 ~~Development, the Inter-American Development Bank, the Asian Development Bank, the~~  
52.10 ~~African Development Bank, or and~~

52.11 (4) any other United States government sponsored organization of which the United  
52.12 States is a member, provided if the principal and interest is are payable in United States  
52.13 dollars.

52.14 Subd. 3. **Corporate obligations.** (a) The state board ~~may~~ is authorized to invest  
52.15 funds in bonds, notes, debentures, transportation equipment obligations, ~~or~~ and any other  
52.16 longer term evidences of indebtedness issued or guaranteed by a corporation organized  
52.17 under the laws of the United States or any state ~~thereof~~ of the United States, or the  
52.18 Dominion of Canada or any Canadian province ~~thereof~~ provided that if:

52.19 (1) the principal and interest of obligations of corporations incorporated or organized  
52.20 under the laws of the Dominion of Canada or any Canadian province ~~thereof~~ shall be  
52.21 are payable in United States dollars; and

52.22 (2) the obligations shall be are rated among the top four quality categories by a  
52.23 nationally recognized rating agency.

52.24 (b) The state board may invest in unrated corporate obligations or in corporate  
52.25 obligations that are not rated among the top four quality categories as provided in  
52.26 paragraph (a), clause (2), ~~provided that if:~~

52.27 (1) the aggregate value of these obligations ~~may~~ does not exceed five percent of the  
52.28 market ~~or book~~ value, ~~whichever is less,~~ of the fund for which the state board is investing;

52.29 (2) the state board's participation is limited to 50 percent of a single offering subject  
52.30 to this paragraph; and

52.31 (3) the state board's participation is limited to 25 percent of an issuer's obligations  
52.32 subject to this paragraph.

52.33 Subd. 4. **Other obligations.** (a) The state board ~~may~~ is authorized to invest funds  
52.34 ~~in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage~~  
52.35 ~~securities and asset backed securities, repurchase agreements and reverse repurchase~~  
52.36 ~~agreements, guaranteed investment contracts, savings accounts, and guaranty fund~~

53.1 ~~certificates, surplus notes, or debentures of domestic mutual insurance companies if they~~  
53.2 ~~conform to the following provisions:~~

53.3 (1) ~~bankers acceptances and deposit notes of United States banks are limited to those~~  
53.4 ~~if issued by banks~~ a United States bank that is rated in the highest four quality categories  
53.5 by a nationally recognized rating agency;

53.6 (2) ~~certificates of deposit are limited to those if issued by (i) a United States banks~~  
53.7 ~~and savings institutions that are~~ bank or savings institution that is rated in the top four  
53.8 quality categories by a nationally recognized rating agency or whose certificates of deposit  
53.9 are fully insured by federal agencies; ~~or (ii) certificates of deposits issued by a credit~~  
53.10 ~~unions~~ union in amounts up to an amount within the limit of the insurance coverage  
53.11 provided by the National Credit Union Administration;

53.12 (3) ~~commercial paper is limited to those if issued by a United States corporations~~  
53.13 ~~corporation or their~~ its Canadian subsidiaries subsidiary and if rated in the highest two  
53.14 quality categories by a nationally recognized rating agency;

53.15 (4) ~~mortgage securities shall be~~ and asset-backed securities if rated in the top four  
53.16 quality categories by a nationally recognized rating agency;

53.17 (5) ~~collateral for repurchase agreements and reverse repurchase agreements is~~  
53.18 ~~limited to~~ if collateralized with letters of credit and or securities authorized in this section;

53.19 (6) ~~guaranteed investment contracts are limited to those if issued by an insurance~~  
53.20 ~~companies~~ company or banks a bank that is rated in the top four quality categories by a  
53.21 nationally recognized rating agency or to alternative guaranteed investment contracts  
53.22 where if the underlying assets comply with the requirements of this section;

53.23 (7) ~~savings accounts are limited to those if fully insured by a federal agencies~~  
53.24 agency; and

53.25 (8) ~~asset backed securities shall be rated in the top four quality categories by a~~  
53.26 ~~nationally recognized rating agency~~ guaranty fund certificates, surplus notes, or debentures  
53.27 if issued by a domestic mutual insurance company.

53.28 (b) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates  
53.29 of deposit and collateralization agreements executed by the state board under paragraph  
53.30 (a), clause (2).

53.31 (c) In addition to investments authorized by paragraph (a), clause (4), the state board  
53.32 ~~may~~ is authorized to purchase from the Minnesota Housing Finance Agency all or any  
53.33 part of a pool of residential mortgages, not in default, that has previously been financed  
53.34 by the issuance of bonds or notes of the agency. The state board may also enter into a  
53.35 commitment with the agency, at the time of any issue of bonds or notes, to purchase at  
53.36 a specified future date, not exceeding 12 years from the date of the issue, the amount of

54.1 mortgage loans then outstanding and not in default that have been made or purchased from  
54.2 the proceeds of the bonds or notes. The state board may charge reasonable fees for any  
54.3 such commitment and may agree to purchase the mortgage loans at a price sufficient to  
54.4 produce a yield to the state board comparable, in its judgment, to the yield available on  
54.5 similar mortgage loans at the date of the bonds or notes. The state board may also enter  
54.6 into agreements with the agency for the investment of any portion of the funds of the  
54.7 agency. The agreement must cover the period of the investment, withdrawal privileges,  
54.8 and any guaranteed rate of return.

54.9 Subd. 5. **Corporate stocks.** The state board ~~may~~ is authorized to invest funds in  
54.10 stocks or convertible issues of any corporation organized under the laws of the United  
54.11 States or ~~the any of its states thereof~~, the Dominion of Canada or any of its provinces, or  
54.12 any corporation listed on an exchange that is regulated by an agency of the United States  
54.13 or of the Canadian national government, if they conform to the following provisions:

54.14 ~~(a) The aggregate value of corporate stock investments, as adjusted for realized~~  
54.15 ~~profits and losses, shall not exceed 85 percent of the market or book value, whichever is~~  
54.16 ~~less, of a fund, less the aggregate value of investments according to subdivision 6;~~

54.17 ~~(b) Investments shall~~ An investment in any corporation must not exceed five percent  
54.18 of the total outstanding shares of any one that corporation, except that the state board may  
54.19 hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent  
54.20 of the shares of a closed-end mutual fund.

54.21 Subd. 5a. **Asset mix limitations.** The aggregate value of investments under  
54.22 subdivision 5, plus the aggregate value of all investments under subdivision 6, must not  
54.23 exceed 85 percent of the market value of a fund.

54.24 Subd. 6. **Other investments.** (a) In addition to the investments authorized in  
54.25 subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board ~~may~~  
54.26 is authorized to invest funds in:

54.27 (1) ~~venture capital~~ equity and debt investment businesses through participation in  
54.28 limited partnerships, trusts, private placements, limited liability corporations, limited  
54.29 liability companies, limited liability partnerships, and corporations;

54.30 (2) real estate ownership interests or loans secured by mortgages or deeds of trust or  
54.31 shares of real estate investment trusts through investment in limited partnerships, ~~bank~~  
54.32 ~~sponsored~~ bank-sponsored collective funds, trusts, mortgage participation agreements,  
54.33 and insurance company commingled accounts, including separate accounts;

54.34 ~~(3) regional and mutual funds through bank sponsored collective funds and open-end~~  
54.35 ~~investment companies registered under the Federal Investment Company Act of 1940, and~~  
54.36 ~~closed-end mutual funds listed on an exchange regulated by a governmental agency;~~

55.1 ~~(4)~~ (3) resource investments through limited partnerships, trusts, private placements,  
55.2 limited liability corporations, limited liability companies, limited liability partnerships,  
55.3 and corporations; and

55.4 ~~(5)~~ (4) international securities.

55.5 (b) The investments authorized in paragraph (a) must conform to the following  
55.6 provisions:

55.7 (1) the aggregate value of all investments made ~~according to~~ under paragraph (a),  
55.8 clauses (1) to ~~(4)~~ (3), may not exceed 35 percent of the market value of the fund for  
55.9 which the state board is investing;

55.10 (2) there must be at least four unrelated owners of the investment other than the state  
55.11 board for investments made under paragraph (a), clause (1), (2), or (3), ~~or (4)~~;

55.12 (3) state board participation in an investment vehicle is limited to 20 percent thereof  
55.13 for investments made under paragraph (a), clause (1), (2), or (3), ~~or (4)~~; and

55.14 (4) state board participation in a limited partnership does not include a general  
55.15 partnership interest or other interest involving general liability. The state board may not  
55.16 engage in any activity as a limited partner which creates general liability.

55.17 (c) All financial, business, or proprietary data collected, created, received, or  
55.18 maintained by the state board in connection with investments authorized by paragraph (a),  
55.19 clause (1), (2), or ~~(4)~~ (3), are nonpublic data under section 13.02, subdivision 9. As used  
55.20 in this paragraph, "financial, business, or proprietary data" means data, as determined by  
55.21 the responsible authority for the state board, that is of a financial, business, or proprietary  
55.22 nature, the release of which could cause competitive harm to the state board, the legal  
55.23 entity in which the state board has invested or has considered an investment, the managing  
55.24 entity of an investment, or a portfolio company in which the legal entity holds an interest.  
55.25 As used in this section, "business data" is data described in section 13.591, subdivision 1.  
55.26 Regardless of whether they could be considered financial, business, or proprietary data, the  
55.27 following data received, prepared, used, or retained by the state board in connection with  
55.28 investments authorized by paragraph (a), clause (1), (2), or ~~(4)~~ (3), are public at all times:

55.29 (1) the name and industry group classification of the legal entity in which the state  
55.30 board has invested or in which the state board has considered an investment;

55.31 (2) the state board commitment amount, if any;

55.32 (3) the funded amount of the state board's commitment to date, if any;

55.33 (4) the market value of the investment by the state board;

55.34 (5) the state board's internal rate of return for the investment, including expenditures  
55.35 and receipts used in the calculation of the investment's internal rate of return; and

55.36 (6) the age of the investment in years.

56.1 Subd. 7. **Appropriation.** There is annually appropriated to the state board, from  
56.2 the assets of the funds for which the state board invests ~~pursuant~~ relating to authorized  
56.3 investments under subdivision 6, clause paragraph (a), sums sufficient to pay the costs for  
56.4 the management of these ~~funds~~ assets by private management firms.

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

56.6 Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 9, is amended to read:

56.7 Subd. 9. **Local police and paid fire relief association investment authority.**

56.8 (a) The ~~funds~~ special fund of the association must be invested in securities that are  
56.9 authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

56.10 ~~Notwithstanding any provision of section 356A.06, subdivision 6 or 7 to the contrary, the~~  
56.11 ~~special fund of the relief association may be additionally invested in:~~

56.12 ~~(1) open-end investment companies registered under the federal Investment~~  
56.13 ~~Company Act of 1940, if the portfolio investments of the investment companies comply~~  
56.14 ~~with the type of securities authorized for investment under section 356A.06, subdivision 7,~~  
56.15 ~~up to 75 percent of the market value of the assets of the fund; and~~

56.16 ~~(2) domestic government and corporate debt obligations that are not rated in the top~~  
56.17 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~  
56.18 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~  
56.19 ~~of the special fund or 15 percent of the special fund's nonequity assets, whichever is less,~~  
56.20 ~~the special fund's participation is limited to 50 percent of a single offering of the debt~~  
56.21 ~~obligations, and the special fund's participation is limited to 25 percent of an issuer's debt~~  
56.22 ~~obligations that are not rated in the top four quality categories. Securities held by the~~  
56.23 ~~association before June 2, 1989, that do not meet the requirements of this subdivision may~~  
56.24 ~~be retained after that date if they were proper investments for the association on that date.~~

56.25 ~~(b) The governing board of the association may select and appoint investment~~  
56.26 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~  
56.27 ~~State Board of Investment under section 11A.17. The governing board of the association~~  
56.28 ~~may certify general fund assets of the relief association for investment by the State Board~~  
56.29 ~~of Investment in fixed income pools or in a separately managed account at the discretion~~  
56.30 ~~of the State Board of Investment as provided in section 11A.14. The governing board of~~  
56.31 ~~the association may select and appoint a qualified private firm to measure management~~  
56.32 ~~performance and return on investment, and the firm ~~shall~~ must use the formula or formulas~~  
56.33 ~~developed by the state board under section 11A.04, clause (11).~~

56.34 (c) The governing board of the association may certify general fund assets of the  
56.35 relief association for investment by the State Board of Investment in fixed income pools

57.1 or in a separately managed account at the discretion of the State Board of Investment  
57.2 as provided in section 11A.14.

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

57.4 Sec. 5. Minnesota Statutes 2010, section 69.775, is amended to read:

57.5 **69.775 INVESTMENTS.**

57.6 (a) The special fund assets of a relief association governed by sections 69.771 to  
57.7 69.776 must be invested in securities that are authorized investments under section  
57.8 356A.06, subdivision 6 or 7, whichever applies.

57.9 ~~(b) Notwithstanding the foregoing, up to 75 percent of the market value of the assets~~  
57.10 ~~of the special fund, not including any money market mutual funds, may be invested in~~  
57.11 ~~open-end investment companies registered under the federal Investment Company Act of~~  
57.12 ~~1940, if the portfolio investments of the investment companies comply with the type of~~  
57.13 ~~securities authorized for investment under section 356A.06, subdivision 7.~~

57.14 ~~(c) Securities held by the associations before June 2, 1989, that do not meet the~~  
57.15 ~~requirements of this section may be retained after that date if they were proper investments~~  
57.16 ~~for the association on that date.~~

57.17 ~~(d) The governing board of the association may select and appoint investment~~  
57.18 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~  
57.19 ~~State Board of Investment under section 11A.17.~~

57.20 ~~(e) The governing board of the association may certify general fund assets of the~~  
57.21 ~~relief association for investment by the State Board of Investment in fixed income pools~~  
57.22 ~~or in a separately managed account at the discretion of the State Board of Investment~~  
57.23 ~~as provided in section 11A.14.~~

57.24 ~~(f)~~ (b) The governing board of the association may select and appoint a qualified  
57.25 private firm to measure management performance and return on investment, and the  
57.26 firm ~~shall~~ must use the formula or formulas developed by the state board under section  
57.27 11A.04, clause (11).

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

57.29 Sec. 6. Minnesota Statutes 2010, section 354A.08, is amended to read:

57.30 **354A.08 AUTHORIZED INVESTMENTS.**

57.31 ~~(a)~~ In addition to investments authorized under section 356A.06, subdivision 7, a  
57.32 teachers retirement fund association may receive, hold, and dispose of:

58.1 ~~(1) real estate or personal property acquired by it, whether the acquisition was by~~  
58.2 ~~purchase, or any other lawful means, as provided in this chapter or in the association's~~  
58.3 ~~articles of incorporation, and.~~

58.4 ~~(2) domestic government and corporate debt obligations that are not rated in the top~~  
58.5 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~  
58.6 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~  
58.7 ~~of the pension plan or 15 percent of the pension plan's nonequity assets, whichever is less,~~  
58.8 ~~if the pension plan's participation is limited to 50 percent of a single offering of the debt~~  
58.9 ~~obligations, and if the pension plan's participation is limited to 25 percent of an issuer's~~  
58.10 ~~debt obligations that are not rated in the top four quality categories.~~

58.11 ~~(b) In addition to other authorized real estate investments, an association may also~~  
58.12 ~~invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured~~  
58.13 ~~by mortgages or deeds of trust. The board may also certify assets for investment by the~~  
58.14 ~~State Board of Investment as provided under section 11A.17.~~

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

58.16 Sec. 7. Minnesota Statutes 2010, section 356.219, subdivision 1, is amended to read:

58.17 Subdivision 1. **Report required.** (a) ~~Except as indicated in subdivision 4,~~ The State  
58.18 Board of Investment, on behalf of the public pension funds and programs for which it is  
58.19 the investment authority, and any Minnesota public pension plan that is not fully invested  
58.20 through the State Board of Investment, including a local police or firefighters relief  
58.21 association governed by sections 69.77 or 69.771 to 69.775, shall report the information  
58.22 specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or  
58.23 forms for the purposes of the reporting requirements contained in this section.

58.24 (b) A local police or firefighters relief association governed by section 69.77 or  
58.25 sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of  
58.26 this section if all assets of the applicable pension plan beyond sufficient cash equivalent  
58.27 investments to cover six months expected expenses are invested under section 11A.17.  
58.28 The board of any fully invested public pension plan remains responsible for submitting  
58.29 investment policy statements and subsequent revisions as required by subdivision 3,  
58.30 paragraph (a).

58.31 (c) For purposes of this section, the State Board of Investment is considered to be  
58.32 the investment authority for any Minnesota public pension fund required to be invested by  
58.33 the State Board of Investment under section 11A.23, or for any Minnesota public pension  
58.34 fund authorized to invest in the supplemental investment fund under section 11A.17 and  
58.35 which is fully invested by the State Board of Investment.

- 59.1 (d) This section does not apply to the following plans:  
59.2 (1) the Minnesota unclassified employees retirement program under chapter 352D;  
59.3 (2) the public employees defined contribution plan under chapter 353D;  
59.4 (3) the individual retirement account plans under chapters 354B and 354D;  
59.5 (4) the higher education supplemental retirement plan under chapter 354C;  
59.6 (5) any alternative retirement benefit plan established under section 383B.914; and  
59.7 (6) the University of Minnesota faculty retirement plan.

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

59.9 Sec. 8. Minnesota Statutes 2010, section 356.219, subdivision 8, is amended to read:

59.10 Subd. 8. **Timing of reports.** (a) For salaried firefighter relief associations, police  
59.11 relief associations, and volunteer firefighter relief associations, the information required  
59.12 under this section must be submitted by the due date for reports required under section  
59.13 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of  
59.14 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
59.15 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief  
59.16 administrative officer of the covered pension plan shall certify that compliance on a form  
59.17 prescribed by the state auditor. The state auditor shall transmit annually to the State Board  
59.18 of Investment a list or lists of covered pension plans which submitted certifications in  
59.19 order to facilitate reporting by the State Board of Investment under paragraph (c).

59.20 (b) For ~~the Minneapolis Teachers Retirement Fund Association,~~ the St. Paul  
59.21 Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association,  
59.22 ~~the Minneapolis Employees Retirement Fund,~~ and the University of Minnesota faculty  
59.23 supplemental retirement plan, ~~and the applicable administrators for the University of~~  
59.24 ~~Minnesota faculty retirement plan and the individual retirement account plans under~~  
59.25 ~~chapters 354B and 354D,~~ the information required under this section must be submitted to  
59.26 the state auditor by June 1 of each year.

59.27 (c) The State Board of Investment, on behalf of pension funds specified in  
59.28 subdivision 1, paragraph (c), must report information required under this section by  
59.29 September 1 of each year.

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

59.31 Sec. 9. Minnesota Statutes 2010, section 356A.01, subdivision 19, is amended to read:

59.32 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a  
59.33 pension plan, other than the general fund, as reserves for present and future payment of

60.1 benefits and administrative expenses. For a retirement plan governed by section 69.77 or  
60.2 by chapter 424A, the term means the relief association special fund.

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

60.4 Sec. 10. Minnesota Statutes 2010, section 356A.06, subdivision 6, is amended to read:

60.5 Subd. 6. **Limited list of authorized investment securities.** (a) ~~Except to the~~  
60.6 ~~extent otherwise authorized by law,~~ **Authority.** This subdivision specifies the investment  
60.7 authority for a limited list plan. A limited list plan is a covered pension plan ~~may invest its~~  
60.8 ~~assets only in investment securities authorized by this subdivision if the plan that does not:~~

60.9 (1) have pension fund assets with a ~~book~~ market value in excess of \$1,000,000;

60.10 (2) use the services of an investment advisor registered with the Securities and  
60.11 Exchange Commission in accordance with the Investment Advisers Act of 1940, or  
60.12 registered as an investment advisor in accordance with sections 80A.58, and 80A.60,  
60.13 for the investment of at least 60 percent of its pension fund assets, calculated on ~~book~~  
60.14 market value;

60.15 (3) use the services of the State Board of Investment for the investment of at least 60  
60.16 percent of its pension fund assets, calculated on ~~book~~ market value; or

60.17 (4) use a combination of the services of an investment advisor meeting the  
60.18 requirements of clause (2) and the services of the State Board of Investment for the  
60.19 investment of at least 75 percent of its pension fund assets, calculated on ~~book~~ market  
60.20 value.

60.21 (b) **Investment agency appointment authority.** ~~securities authorized for The~~  
60.22 governing board of a covered pension plan covered by this subdivision are: may select  
60.23 and appoint investment agencies to act for or on its behalf.

60.24 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

60.25 (1) certificates of deposit issued, to the extent of available insurance or  
60.26 collateralization, by a financial institution that is a member of the Federal Deposit  
60.27 Insurance Corporation or the Federal Savings and Loan Insurance Corporation, that is  
60.28 insured by the National Credit Union Administration, or that is authorized to do business  
60.29 in this state and has deposited with the chief administrative officer of the plan a sufficient  
60.30 amount of marketable securities as collateral in accordance with section 118A.03;

60.31 (2) guaranteed investment contracts, limited to those issued by insurance companies  
60.32 or banks rated in the top four quality categories by a nationally recognized rating agency  
60.33 or to alternative guaranteed investment contracts where the underlying assets comply  
60.34 with the requirements of this paragraph; and

61.1 ~~(3) savings accounts, to the extent of available insurance, with a financial institution~~  
61.2 ~~that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and~~  
61.3 ~~Loan Insurance Corporation; limited to those fully insured by federal agencies.~~

61.4 ~~(3) (d) **Government-backed obligations.** A limited list plan is authorized to invest~~  
61.5 ~~in governmental obligations as further specified in this paragraph, including bonds, notes,~~  
61.6 ~~bills, or other fixed obligations, issued by the United States, an agency or instrumentality~~  
61.7 ~~of the United States, an organization established and regulated by an act of Congress or by~~  
61.8 ~~a state, state agency or instrumentality, municipality, or other governmental or political~~  
61.9 ~~subdivision that mortgages, and other evidences of indebtedness, if the issue is backed~~  
61.10 ~~by the full faith and credit of the issuer or if the issue is rated among the top four quality~~  
61.11 ~~rating categories by a nationally recognized rating agency. The obligations in which plans~~  
61.12 ~~are authorized to invest under this paragraph are guaranteed or insured issues of:~~

61.13 ~~(i) for the obligation in question, issues an obligation that equals or exceeds the~~  
61.14 ~~stated investment yield of debt securities not exempt from federal income taxation and of~~  
61.15 ~~comparable quality;~~

61.16 ~~(ii) for an obligation that is a revenue bond, has been completely self-supporting~~  
61.17 ~~for the last five years; and~~

61.18 ~~(iii) for an obligation other than a revenue bond, has issued an obligation backed by~~  
61.19 ~~the full faith and credit of the applicable taxing jurisdiction and has not been in default on~~  
61.20 ~~the payment of principal or interest on the obligation in question or any other nonrevenue~~  
61.21 ~~bond obligation during the preceding ten years;~~

61.22 ~~(1) the United States, one of its agencies, one of its instrumentalities, or an~~  
61.23 ~~organization created and regulated by an act of Congress;~~

61.24 ~~(2) the Dominion of Canada or one of its provinces if the principal and interest are~~  
61.25 ~~payable in United States dollars;~~

61.26 ~~(3) a state or one of its municipalities, political subdivisions, agencies, or~~  
61.27 ~~instrumentalities; or~~

61.28 ~~(4) any United States government-sponsored organization of which the United States~~  
61.29 ~~is a member if the principal and interest are payable in United States dollars.~~

61.30 ~~(4) (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate~~  
61.31 ~~obligations, including bonds, notes, debentures, or other regularly issued and readily~~  
61.32 ~~marketable evidences of indebtedness issued by a corporation organized under the laws~~  
61.33 ~~of any state that during the preceding five years has had on average annual net pretax~~  
61.34 ~~earnings at least 50 percent greater than the annual interest charges and principal payments~~  
61.35 ~~on the total issued debt of the corporation during that period and that, for the obligation~~

62.1 ~~in question, has issued an obligation rated in one of the top three quality categories by~~  
62.2 ~~Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and~~  
62.3 ~~(5) shares in an open-end investment company registered under the federal~~  
62.4 ~~Investment Company Act of 1940, if the portfolio investments of the company are limited~~  
62.5 ~~to investments that meet the requirements of clauses (1) to (4): transportation equipment~~  
62.6 ~~obligations, or any other longer-term evidences of indebtedness issued or guaranteed by~~  
62.7 ~~a corporation organized under the laws of the United States or any of its states, or the~~  
62.8 ~~Dominion of Canada or any of its provinces if:~~

62.9 (1) the principal and interest are payable in United States dollars; and

62.10 (2) the obligations are rated among the top four quality categories by a nationally  
62.11 recognized rating agency.

62.12 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized  
62.13 under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded  
62.14 funds, or through open-end mutual funds, or as units of commingled trusts.

62.15 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other  
62.16 paragraphs of this subdivision, a limited list plan is authorized to invest the assets of  
62.17 the special fund in exchange-traded funds and open-end mutual funds, if their portfolio  
62.18 investments comply with the type of securities authorized for investment under section  
62.19 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not  
62.20 exceed 75 percent of the assets of the special fund, not including any money market  
62.21 investments through mutual or exchange-traded funds.

62.22 (h) **Supplemental fund authority.** The governing body of a limited list plan may  
62.23 certify special fund assets to the State Board of Investment for investment under section  
62.24 11A.17.

62.25 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix  
62.26 limitations specified in section 356A.06, subdivision 7.

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

62.28 Sec. 11. Minnesota Statutes 2010, section 356A.06, subdivision 7, is amended to read:

62.29 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.**

62.30 ~~Except to the extent otherwise authorized by law, A covered pension plan not described by~~  
62.31 ~~subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets only in~~  
62.32 ~~accordance with as specified in this subdivision. The governing board of an expanded list~~  
62.33 ~~plan may select and appoint investment agencies to act for or on its behalf.~~

62.34 (b) **Securities generally; investment forms.** ~~The covered pension~~ An expanded list  
62.35 ~~plan has the authority~~ is authorized to purchase, sell, lend, ~~or~~ and exchange the investment

63.1 securities ~~specified in paragraphs (e) to (i)~~ authorized under this subdivision, including  
63.2 puts and call options and future contracts traded on a contract market regulated by a  
63.3 governmental agency or by a financial institution regulated by a governmental agency.  
63.4 These securities may be owned directly or through shares in exchange-traded or mutual  
63.5 funds, or as units in commingled trusts that own the securities described in paragraphs (e)  
63.6 to (i), including real estate investment trusts and insurance company commingled accounts,  
63.7 including separate accounts, subject to any limitations specified in this subdivision.

63.8 (c) **Government obligations.** ~~The covered pension~~ An expanded list plan may  
63.9 is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other  
63.10 evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or  
63.11 the issue is rated among the top four quality rating categories by a nationally recognized  
63.12 rating agency. The obligations in which funds may be invested under this paragraph  
63.13 ~~include~~ are guaranteed or insured issues of:

63.14 (1) the United States, one of its agencies, one of its instrumentalities, or organizations  
63.15 an organization created and regulated by an act of Congress;

63.16 (2) ~~the Dominion of Canada and~~ or one of its provinces, ~~provided if~~ the principal  
63.17 and interest ~~is~~ are payable in United States dollars;

63.18 (3) ~~the states and their~~ a state or one of its municipalities, political subdivisions,  
63.19 agencies, or instrumentalities; and

63.20 (4) ~~the International Bank for Reconstruction and Development, the Inter-American~~  
63.21 ~~Development Bank, the Asian Development Bank, the African Development Bank, or~~  
63.22 ~~any other~~ a United States government sponsored government-sponsored organization of  
63.23 which the United States is a member, ~~provided if~~ the principal and interest ~~is~~ are payable  
63.24 in United States dollars.

63.25 (d) **Investment-grade corporate obligations.** ~~The covered pension~~ An expanded  
63.26 list plan may is authorized to invest funds in bonds, notes, debentures, transportation  
63.27 equipment obligations, or any other longer term evidences of indebtedness issued or  
63.28 guaranteed by a corporation organized under the laws of the United States or any ~~state~~  
63.29 ~~thereof~~ of its states, or the Dominion of Canada or any province thereof of its provinces if  
63.30 ~~they conform to the following provisions:~~

63.31 (1) the principal and interest ~~of obligations of corporations incorporated or organized~~  
63.32 ~~under the laws of the Dominion of Canada or any province thereof must be~~ are payable in  
63.33 United States dollars; and

63.34 (2) the obligations must be are rated among the top four quality categories by a  
63.35 nationally recognized rating agency.

64.1 (e) Below-investment-grade corporate obligations. An expanded list plan is  
64.2 authorized to invest in unrated corporate obligations or in corporate obligations that are  
64.3 not rated among the top four quality categories by a nationally recognized rating agency if:

64.4 (1) the aggregate value of these obligations does not exceed five percent of the  
64.5 covered pension plan's market value;

64.6 (2) the covered pension plan's participation is limited to 50 percent of a single  
64.7 offering subject to this paragraph; and

64.8 (3) the covered pension plan's participation is limited to 25 percent of an issuer's  
64.9 obligations subject to this paragraph.

64.10 ~~(e) (f) Other obligations.~~ (1) ~~The covered pension~~ An expanded list plan ~~may~~ is  
64.11 authorized to invest funds in ~~bankers acceptances, certificates of deposit, deposit notes,~~  
64.12 ~~commercial paper, mortgage participation certificates and pools, asset backed securities,~~  
64.13 ~~repurchase agreements and reverse repurchase agreements, guaranteed investment~~  
64.14 ~~contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of~~  
64.15 ~~domestic mutual insurance companies if they conform to the following provisions:~~

64.16 (i) ~~bankers acceptances and deposit notes of United States banks are limited to those~~  
64.17 if issued by banks a United States bank that is rated in the highest four quality categories  
64.18 by a nationally recognized rating agency;

64.19 (ii) ~~certificates of deposit are limited to those if issued by (A) a United States~~  
64.20 ~~banks and bank or savings institutions that are~~ institution ~~rated in the highest four quality~~  
64.21 ~~categories by a nationally recognized rating agency or whose certificates of deposit are~~  
64.22 ~~fully insured by federal agencies;~~ or (B) if issued by a credit unions union in amounts  
64.23 up to an amount within the limit of the insurance coverage provided by the National  
64.24 Credit Union Administration;

64.25 (iii) ~~commercial paper is limited to those if issued by a United States corporations~~  
64.26 corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two  
64.27 quality categories by a nationally recognized rating agency;

64.28 (iv) ~~mortgage participation or pass through certificates evidencing interests in pools~~  
64.29 ~~of first mortgages or trust deeds on improved real estate located in the United States where~~  
64.30 ~~the loan to value ratio for each loan as calculated in accordance with section 61A.28,~~  
64.31 ~~subdivision 3, does not exceed 80 percent for fully amortizable residential properties and~~  
64.32 ~~in all other respects meets the requirements of section 61A.28, subdivision 3~~ securities  
64.33 and asset-backed securities if rated in the top four quality categories by a nationally  
64.34 recognized rating agency;

64.35 (v) ~~collateral for repurchase agreements and reverse repurchase agreements is~~  
64.36 limited to if collateralized with letters of credit and or securities authorized in this section;

65.1 (vi) guaranteed investment contracts ~~are limited to those~~ if issued by an insurance  
65.2 ~~companies company or banks a bank that is rated in the top four quality categories by a~~  
65.3 nationally recognized rating agency or ~~to~~ alternative guaranteed investment contracts  
65.4 ~~where~~ if the underlying assets comply with the requirements of this subdivision;

65.5 (vii) savings accounts ~~are limited to those~~ if fully insured by a federal agencies  
65.6 agency; and

65.7 (viii) ~~asset backed securities must be rated in the top four quality categories by a~~  
65.8 ~~nationally recognized rating agency~~ guaranty fund certificates, surplus notes, or debentures  
65.9 if issued by a domestic mutual insurance company.

65.10 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates  
65.11 of deposit and collateralization agreements executed by the covered pension plan under  
65.12 clause (1), item (ii).

65.13 (3) In addition to investments authorized by clause (1), item (iv), ~~the covered pension~~  
65.14 an expanded list plan may is authorized to purchase from the Minnesota Housing Finance  
65.15 Agency all or any part of a pool of residential mortgages, not in default, that has previously  
65.16 been financed by the issuance of bonds or notes of the agency. The covered pension plan  
65.17 may also enter into a commitment with the agency, at the time of any issue of bonds or  
65.18 notes, to purchase at a specified future date, not exceeding 12 years from the date of the  
65.19 issue, the amount of mortgage loans then outstanding and not in default that have been  
65.20 made or purchased from the proceeds of the bonds or notes. The covered pension plan may  
65.21 charge reasonable fees for any such commitment and may agree to purchase the mortgage  
65.22 loans at a price sufficient to produce a yield to the covered pension plan comparable, in  
65.23 its judgment, to the yield available on similar mortgage loans at the date of the bonds or  
65.24 notes. The covered pension plan may also enter into agreements with the agency for the  
65.25 investment of any portion of the funds of the agency. The agreement must cover the period  
65.26 of the investment, withdrawal privileges, and any guaranteed rate of return.

65.27 ~~(f)~~ (g) Corporate stocks. The covered pension An expanded list plan may is  
65.28 authorized to invest funds in stocks or convertible issues of any corporation organized  
65.29 under the laws of the United States or ~~the~~ any of its states ~~thereof~~, any corporation  
65.30 organized under the laws of the Dominion of Canada or any of its provinces, or any  
65.31 corporation listed on an exchange that is regulated by an agency of the United States or of  
65.32 the Canadian national government, if they conform to the following provisions:

65.33 ~~(1) the aggregate value of investments under this paragraph, plus paragraphs (g) and~~  
65.34 ~~(k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized~~  
65.35 ~~gains and losses, must not exceed 85 percent of the market or book value, whichever is~~  
65.36 ~~less, of a fund; and~~

66.1 ~~(2) investments~~ An investment in any corporation must not exceed five percent of  
66.2 the total outstanding shares of any one that corporation, except that an expanded list plan  
66.3 may hold up to 20 percent of the shares of a real estate investment trust and up to 20  
66.4 percent of the shares of a closed mutual fund.

66.5 ~~(g) Developed market foreign stocks investments.~~ In addition to investments  
66.6 authorized under paragraph (f), the covered pension fund may invest in foreign stock sold  
66.7 on an exchange in any developed market country that is included in the Europe, Australia,  
66.8 and Far East Index.

66.9 ~~(h) Commingled or mutual investments.~~ The covered pension plan may invest  
66.10 in index funds or mutual funds, including index mutual funds, through bank-sponsored  
66.11 collective funds and shares of open-end investment companies registered under the  
66.12 Federal Investment Company Act of 1940, to the extent that these funds comply with  
66.13 paragraphs (c) to (j).

66.14 ~~(i) Real estate investment trust; related investments.~~ The covered pension plan  
66.15 may invest in real estate investment trusts secured by mortgages or deeds of trust and  
66.16 sold on an exchange, and insurance company commingled accounts, including separate  
66.17 accounts, of a debt or equity nature.

66.18 ~~(j) Exchange traded funds.~~ The covered pension plan may invest funds in exchange  
66.19 traded funds, subject to the maximums, the requirements, and the limitations set forth in  
66.20 paragraphs (c) to (i), as applicable.

66.21 ~~(k) (h) Other investments.~~ (1) In addition to the investments authorized in  
66.22 paragraphs (b) to (j) (g), and subject to the provisions in clause (2), the covered pension  
66.23 an expanded list plan may is authorized to invest funds in:

66.24 (i) ~~venture capital~~ equity and debt investment businesses through participation in  
66.25 limited partnerships, trusts, private placements, limited liability corporations, limited  
66.26 liability companies, limited liability partnerships, and corporations;

66.27 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust or  
66.28 shares of real estate investment trusts, through investment in limited partnerships or bank  
66.29 sponsored, bank-sponsored collective funds, trusts, mortgage participation agreements,  
66.30 and insurance company commingled accounts, including separate accounts;

66.31 ~~(iii) regional and mutual funds through bank sponsored collective funds and~~  
66.32 ~~open-end investment companies registered under the Federal Investment Company Act of~~  
66.33 ~~1940 to the extent that a fund or a portion of a fund does not qualify under paragraph (h);~~

66.34 ~~(iv) (iii) resource investments through limited partnerships, trusts, private~~  
66.35 ~~placements, limited liability corporations, limited liability companies, limited liability~~  
66.36 ~~partnerships, and corporations; and~~

67.1 ~~(v) (iv)~~ international ~~debt securities and emerging market equity~~ securities.

67.2 (2) The investments authorized in clause (1) must conform to the following  
67.3 provisions:

67.4 (i) the aggregate value of all investments made ~~according to~~ under clause (1),  
67.5 ~~including allocated amounts of index and mutual funds~~ items (i), (ii), and (iii), may not  
67.6 exceed ~~20~~ 35 percent of the market value of the fund for which the ~~covered pension~~  
67.7 expanded list plan is investing;

67.8 (ii) there must be at least four unrelated owners of the investment other than the  
67.9 ~~covered pension~~ expanded list plan for investments made under clause (1), item (i), (ii),  
67.10 or (iii), ~~or (iv)~~;

67.11 (iii) ~~covered pension plan~~ the expanded list plan's participation in an investment  
67.12 vehicle is limited to 20 percent thereof for investments made under clause (1), item (i),  
67.13 (ii), or (iii), ~~or (iv)~~; and

67.14 (iv) ~~covered pension plan~~ the expanded list plan's participation in a limited  
67.15 partnership does not include a general partnership interest or other interest involving  
67.16 general liability. The ~~covered pension~~ expanded list plan may not engage in any activity  
67.17 as a limited partner which creates general liability; and

67.18 (v) for volunteer firefighter relief associations, emerging market equity and  
67.19 international debt investments authorized under clause (1), item (iv), must not exceed 15  
67.20 percent of the association's special fund market value.

67.21 (i) **Supplemental plan investments.** The governing body of an expanded list plan  
67.22 may certify assets to the State Board of Investment for investment under section 11A.17.

67.23 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's  
67.24 investments under paragraphs (g) and (h) and equity investments under paragraph (i),  
67.25 regardless of the form in which these investments are held, must not exceed 85 percent of  
67.26 the covered plan's market value.

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

67.28 Sec. 12. **INVESTMENT AUTHORITY TRANSITION PROVISION.**

67.29 If any investment by the State Board of Investment or any covered pension plan fund  
67.30 was an authorized investment under law in effect immediately before the effective date  
67.31 of applicable sections of this act, but is not authorized by this act, the applicable assets  
67.32 must be liquidated before June 30, 2013.

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

68.1 Sec. 13. REPEALER.

68.2 Minnesota Statutes 2010, section 356.219, subdivision 4, is repealed.

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

68.4 **ARTICLE 11**

68.5 **LOCAL RELIEF ASSOCIATION OR CONSOLIDATION ACCOUNT**  
68.6 **MERGERS WITH PERA-P&F**

68.7 Section 1. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 1a, is  
68.8 amended to read:

68.9 Subd. 1a. **Covered retirement plans.** The provisions of this section apply to ~~the~~  
68.10 ~~following local retirement plans:~~

68.11 ~~(1) the Bloomington Firefighters Relief Association;~~

68.12 ~~(2) the Fairmont Police Relief Association; and~~

68.13 ~~(3) the Virginia Fire Department Relief Association.~~

68.14 EFFECTIVE DATE. (a) For the Fairmont Police Relief Association, this section  
68.15 is effective as of the date for consolidation set by the board of the Public Employees  
68.16 Retirement Association in consultation with the State Board of Investment, but not later  
68.17 than June 29, 2012.

68.18 (b) For the Virginia fire consolidation account, this section is effective on June 29,  
68.19 2012, which is the effective date of merger.

68.20 Sec. 2. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 4, is amended  
68.21 to read:

68.22 Subd. 4. **Relief association financial requirements; minimum municipal**  
68.23 **obligation.** (a) The officers of the relief association shall determine the financial  
68.24 requirements of the relief association and minimum obligation of the municipality for  
68.25 the following calendar year in accordance with the requirements of this subdivision.  
68.26 The financial requirements of the relief association and the minimum obligation of the  
68.27 municipality must be determined on or before the submission date established by the  
68.28 municipality under subdivision 5.

68.29 (b) The financial requirements of the relief association for the following calendar  
68.30 year must be based on the most recent actuarial valuation or survey of the special fund of  
68.31 the association if more than one fund is maintained by the association, or of the association,  
68.32 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions  
68.33 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared

69.1 by the actuary of the relief association as part of obtaining a modification of the benefit  
69.2 plan of the relief association and the modification is implemented, the actuarial estimate  
69.3 must be used in calculating the subsequent financial requirements of the relief association.

69.4 (c) If the relief association has an unfunded actuarial accrued liability as reported in  
69.5 the most recent actuarial valuation or survey, the total of the amounts calculated under  
69.6 clauses (1), (2), and (3), constitute the financial requirements of the relief association for  
69.7 the following year. If the relief association does not have an unfunded actuarial accrued  
69.8 liability as reported in the most recent actuarial valuation or survey, the amount calculated  
69.9 under clauses (1) and (2) constitute the financial requirements of the relief association for  
69.10 the following year. The financial requirement elements are:

69.11 (1) the normal level cost requirement for the following year, expressed as a dollar  
69.12 amount, which must be determined by applying the normal level cost of the relief  
69.13 association as reported in the actuarial valuation or survey and expressed as a percentage  
69.14 of covered payroll to the estimated covered payroll of the active membership of the relief  
69.15 association, including any projected change in the active membership, for the following  
69.16 year;

69.17 (2) for the ~~Bloomington Fire Department Relief Association, the Fairmont Police~~  
69.18 ~~Relief Association, and the Virginia Fire Department Relief Association~~, to the dollar  
69.19 amount of normal cost determined under clause (1) must be added an amount equal to the  
69.20 dollar amount of the administrative expenses of the special fund of the association if more  
69.21 than one fund is maintained by the association, or of the association if only one fund is  
69.22 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative  
69.23 expenses are those authorized under section 69.80; and

69.24 (3) to the dollar amount of normal cost and expenses determined under clauses  
69.25 (1) and (2) must be added an amount equal to the level annual dollar amount which  
69.26 is sufficient to amortize the unfunded actuarial accrued liability as determined from  
69.27 the actuarial valuation or survey of the fund, using an interest assumption set at the  
69.28 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization  
69.29 date as specified in paragraph (d).

69.30 (d) ~~The Virginia Fire Department Relief Association special fund amortization date~~  
69.31 ~~is December 31, 2010. The Fairmont Police Relief Association special fund amortization~~  
69.32 ~~date is December 31, 2020.~~ The Bloomington Fire Department Relief Association  
69.33 special fund amortization date is determined under section 356.216, clause (2). The  
69.34 amortization date specified in this paragraph supersedes any amortization date specified in  
69.35 any applicable special law.

70.1 (e) The minimum obligation of the municipality is an amount equal to the financial  
70.2 requirements of the relief association reduced by the estimated amount of member  
70.3 contributions from covered salary anticipated for the following calendar year and the  
70.4 estimated amounts anticipated for the following calendar year from the applicable state aid  
70.5 program established under sections 69.011 to 69.051 receivable by the relief association  
70.6 after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2),  
70.7 or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried  
70.8 firefighters' relief association amortization aid program established under section 423A.02,  
70.9 subdivision 1, from the supplementary amortization state-aid program established under  
70.10 section 423A.02, subdivision 1a, and from the additional amortization state aid under  
70.11 section 423A.02, subdivision 1b.

70.12 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section  
70.13 is effective as of the date for consolidation set by the board of the Public Employees  
70.14 Retirement Association in consultation with the State Board of Investment, but not later  
70.15 than June 29, 2012.

70.16 (b) For the Virginia fire consolidation account, this section is effective on June 29,  
70.17 2012, which is the effective date of merger.

70.18 Sec. 3. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4, is  
70.19 amended to read:

70.20 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of  
70.21 the consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,  
70.22 the chief administrative officer of the Minneapolis Police Relief Association shall transfer  
70.23 the entire assets of the special fund of the Minneapolis Police Relief Association other  
70.24 than the health insurance account to the public employees police and fire retirement fund  
70.25 at market value. Unless ineligible or inappropriate, the transfer must be in the form of  
70.26 investment securities and must include any accounts receivable that are determined by the  
70.27 State Board of Investment as being capable of being collected. An amount, in cash, must  
70.28 be transferred by the city of Minneapolis equal to the market value recognized by the relief  
70.29 association of investment securities that are determined by the executive director of the  
70.30 State Board of Investment not to be in compliance with the requirements and limitations  
70.31 set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for  
70.32 retention in light of the established investment objectives of the State Board of Investment  
70.33 or of accounts receivable determined by the executive director of the State Board of  
70.34 Investment as being incapable of being collected. Legal and beneficial title to assets that  
70.35 are determined noncompliant or inappropriate securities or that are uncollectible accounts

71.1 receivable are transferred to the city of Minneapolis on the effective date of consolidation  
71.2 under Laws 2011, First Special Session chapter 8, article 7, section 19. Any accounts  
71.3 payable on the effective date of consolidation under Laws 2011, First Special Session  
71.4 chapter 8, article 7, section 19, are an obligation of the public employees police and fire  
71.5 retirement fund and reduce the asset value for purposes of subdivision 6. The transferred  
71.6 assets must be deposited in the public employees police and fire retirement fund. The  
71.7 amount of the health insurance account as of the date of the consolidation must remain  
71.8 deposited in the financial institution retained by the former Minneapolis Police Relief  
71.9 Association on May 1, 2011, and that financial institution must act as the custodian of the  
71.10 account. The health insurance account may be transferred from the financial institution  
71.11 that holds the account to a successor financial institution on June 30, 2012, under the  
71.12 requirements of this subdivision and the terms of an agreement between the Minneapolis  
71.13 Police Relief Association and the successor financial institution dated December 30,  
71.14 2011, that provides for the transfer. The financial institution shall perform all trustee and  
71.15 fiduciary duties with respect to the account as a condition to the retention of the account.  
71.16 The executive director of the Minneapolis Police Relief Association, prior to the effective  
71.17 date of consolidation, shall estimate three calendar years of the administrative expenses  
71.18 related to the operation of the account and shall prepay those expenses from the account to  
71.19 the financial institution prior to the effective date of consolidation. After the three-year  
71.20 prepayment period, the beneficiaries of the account are responsible for the payment of the  
71.21 administrative expenses related to the operation of the account.

71.22 (b) Upon the transfer of assets to the State Board of Investment under paragraph  
71.23 (a), legal title to those transferred assets vests with the State Board of Investment on  
71.24 behalf of the public employees police and fire retirement plan, and beneficial title to the  
71.25 transferred assets remains with the former membership of the former Minneapolis Police  
71.26 Relief Association.

71.27 (c) The public employees police and fire retirement plan and fund is the successor in  
71.28 interest to all claims for or against the Minneapolis Police Relief Association. The public  
71.29 employees police and fire retirement plan and fund is not liable for any claim against the  
71.30 Minneapolis Police Relief Association, its governing board, or its administrative staff  
71.31 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon  
71.32 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were  
71.33 not undertaken in good faith. The public employees police and fire retirement plan may  
71.34 assert any applicable defense to any claim in any judicial or administrative proceeding  
71.35 that the Minneapolis Police Relief Association, its board, or its administrative staff would

72.1 otherwise have been entitled to assert, and the public employees police and fire retirement  
72.2 plan may assert any applicable defense that it has in its capacity as a statewide agency.

72.3 (d) The Public Employees Retirement Association shall indemnify any former  
72.4 fiduciary of the Minneapolis Police Relief Association consistent with the provisions of  
72.5 section 356A.11. The indemnification may be effected by the purchase by the Public  
72.6 Employees Retirement Association of reasonable fiduciary liability tail insurance for the  
72.7 officers and directors of the former Minneapolis Police Relief Association. Consistent  
72.8 with section 69.80, the relief association may purchase reasonable fiduciary liability tail  
72.9 insurance for its officers and directors prior to the effective date of consolidation under  
72.10 Laws 2011, First Special Session chapter 8, article 7, section 19.

72.11 (e) Office equipment and other physical assets of the special fund of the Minneapolis  
72.12 Police Relief Association that are not needed by the Public Employees Retirement  
72.13 Association may be sold by the special fund of the Minneapolis Police Relief Association  
72.14 to the general fund of the Minneapolis Police Relief Association or to any successor  
72.15 fraternal organization of the Minneapolis Police Relief Association at fair market value,  
72.16 with the proceeds of that sale deposited in the public employees police and fire retirement  
72.17 fund and included in the transferred asset value under subdivision 6.

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

72.19 Sec. 4. **[353.669] CONSOLIDATION OF THE FAIRMONT POLICE RELIEF**  
72.20 **ASSOCIATION.**

72.21 **Subdivision 1. Membership transfer.** On the effective date of consolidation, the  
72.22 retired members, including surviving spouses, of the Fairmont Police Relief Association  
72.23 are transferred to the public employees police and fire retirement plan, are no longer  
72.24 members of the former Fairmont Police Relief Association, and are members of the public  
72.25 employees police and fire retirement plan.

72.26 **Subd. 2. Benefit liability transfer.** The liability for the payment of retirement  
72.27 annuities, service pensions, and survivor benefits of the retired members, service  
72.28 pensioners, surviving spouses, and any other retirement benefit recipients of the former  
72.29 Fairmont Police Relief Association, as contained in the transferred records of the former  
72.30 relief association, is transferred to the public employees police and fire retirement plan on  
72.31 the effective date of consolidation.

72.32 **Subd. 3. Transfer of records.** On the effective date of consolidation, the  
72.33 chief administrative officer of the Fairmont Police Relief Association shall transfer all  
72.34 records and documents relating to the special fund of the former Fairmont Police Relief

73.1 Association to the executive director of the Public Employees Retirement Association. To  
73.2 the extent possible, original copies of all records and documents must be transferred.

73.3 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of  
73.4 consolidation, the chief administrative officer of the Fairmont Police Relief Association  
73.5 shall transfer the entire assets of the special fund of the Fairmont Police Relief Association  
73.6 to the public employees police and fire retirement fund at market value. Unless ineligible  
73.7 or inappropriate as determined by the State Board of Investment, the transfer must be  
73.8 in the form of investment securities and must include any accounts receivable that are  
73.9 determined by the State Board of Investment as being capable of being collected. The city  
73.10 of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by  
73.11 the relief association of any investment securities that are determined by the executive  
73.12 director of the State Board of Investment to be not in compliance with the requirements  
73.13 and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be  
73.14 inappropriate for retention in light of the established investment objectives of the State  
73.15 Board of Investment, or of any accounts receivable that are determined by the executive  
73.16 director as being incapable of being collected. The legal and beneficial title to assets that  
73.17 are determined to be noncompliant or inappropriate securities or that are determined to be  
73.18 uncollectable accounts receivable are transferred from the relief association special fund  
73.19 to the city of Fairmont as of the effective date of consolidation. Any accounts payable  
73.20 of the special fund of the Fairmont Police Relief Association on the effective date of  
73.21 consolidation, are an obligation of the public employees police and fire retirement fund  
73.22 and reduce the value of the transferred relief association special fund assets for purposes  
73.23 of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief  
73.24 Association must be deposited in the public employees police and fire retirement fund  
73.25 and must be managed by the State Board of Investment through the Minnesota combined  
73.26 investment funds under section 11A.14.

73.27 (b) Upon the transfer of the assets to the management of the State Board of  
73.28 Investment under paragraph (a), legal title to those transferred assets vests with the State  
73.29 Board of Investment on behalf of the public employees police and fire retirement plan,  
73.30 and beneficial title to the transferred assets remains with the former membership of the  
73.31 former Fairmont Police Relief Association.

73.32 (c) The public employees police and fire retirement plan and fund is the successor in  
73.33 interest to all claims for and against the Fairmont Police Relief Association. The public  
73.34 employees police and fire retirement plan and fund is not liable for any claim against the  
73.35 Fairmont Police Relief Association or its governing board acting in a fiduciary capacity  
73.36 under chapter 356A or under common law which is founded upon a claim of a breach of

74.1 fiduciary duty if the act or acts constituting the claimed breach were not undertaken in  
74.2 good faith. The public employees police and fire retirement plan may assert any applicable  
74.3 defense to any claim in any judicial or administrative proceeding that the former Fairmont  
74.4 Police Relief Association or its former governing board would otherwise have been  
74.5 entitled to assert and the public employees police and fire retirement plan may assert any  
74.6 applicable defense that it has in its capacity as a statewide agency.

74.7 (d) The Public Employees Retirement Association shall indemnify any former  
74.8 fiduciary of the Fairmont Police Relief Association consistent with the provisions of  
74.9 section 356A.11. The indemnification may be effected by the purchase by the Public  
74.10 Employees Retirement Association of reasonable fiduciary liability tail insurance for the  
74.11 officers and directors of the former Fairmont Police Relief Association.

74.12 Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits  
74.13 of or attributable to retired members and surviving spouses of the Fairmont Police Relief  
74.14 Association who had that status as of the effective date of consolidation, continue after  
74.15 consolidation in the same amount and under the same terms as provided under Minnesota  
74.16 Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws  
74.17 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section  
74.18 4, except as provided in paragraph (b).

74.19 (b) The annual base salary figure for pension and benefit determinations upon  
74.20 consolidation and for the balance of calendar year 2012 is \$106,666.67. After December  
74.21 31, 2012, annual postretirement adjustments of pensions and benefits in force must be  
74.22 calculated solely under section 356.415, subdivision 1c.

74.23 Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of  
74.24 the effective date of consolidation, the approved actuary retained by the Public Employees  
74.25 Retirement Association under section 356.214 shall determine the final funded status of  
74.26 the Fairmont Police Relief Association special fund. The final funded status is the present  
74.27 value of future benefits payable from the Fairmont Police Relief Association as of the  
74.28 effective date of consolidation after subtracting the market value of the transferred assets  
74.29 of the Fairmont Police Relief Association as of the effective date of consolidation. The  
74.30 present value of future benefits figure must be calculated using the applicable actuarial  
74.31 assumptions for the public employees police and fire retirement plan specified in or  
74.32 established under section 356.215. If there is a remainder present value of future benefits  
74.33 amount, the city of Fairmont shall pay to the public employees police and fire retirement  
74.34 fund an amount sufficient, on a level annual dollar basis, to amortize the calculated  
74.35 remainder present value of future benefits amount by December 31, 2020. Payments shall  
74.36 be made annually on or before December 31, beginning in 2012.

75.1 (b) If there are assets of the former Fairmont Police Relief Association in excess of  
75.2 the present value of future benefits as of the effective date of consolidation, these assets  
75.3 must be credited to an interest bearing suspense account within the public employees  
75.4 police and fire retirement fund, must be used to offset any amount payable under paragraph  
75.5 (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The  
75.6 suspense account must be credited with the same rate of investment return as the public  
75.7 employees police and fire retirement fund.

75.8 (c) If, after the effective date of consolidation, the postretirement or preretirement  
75.9 interest rate actuarial assumption applicable to the public employees police and fire  
75.10 retirement plan under section 356.215, subdivision 8, is modified from the rates specified  
75.11 in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of  
75.12 future benefits amount calculation under paragraph (a), updated for the passage of time,  
75.13 must be revised and the amortization contribution by the city of Fairmont for the balance  
75.14 of the amortization period must be redetermined and certified to the city of Fairmont.

75.15 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set  
75.16 by the board of the Public Employees Retirement Association in consultation with the  
75.17 State Board of Investment, but not later than June 29, 2012.

75.18 Sec. 5. **[353.6691] MERGER OF THE VIRGINIA FIRE DEPARTMENT**  
75.19 **RELIEF ASSOCIATION.**

75.20 Subdivision 1. **Merger authorized.** On the effective date of merger, the Virginia  
75.21 fire department consolidation account of the Public Employees Retirement Association  
75.22 under chapter 353A becomes a part of the public employees police and fire retirement plan  
75.23 and fund governed by sections 353.63 to 353.659.

75.24 Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia  
75.25 fire department consolidation account under chapter 353A are liabilities of the public  
75.26 employees police and fire retirement plan and fund as of the effective date of merger and  
75.27 the accrued benefits of the members of the consolidation account are the obligation of the  
75.28 public employees police and fire retirement plan and fund.

75.29 Subd. 3. **Transfer of assets; transfer to title assets.** On the effective date of merger,  
75.30 the assets of the Virginia fire department consolidation account must be transferred to the  
75.31 public employees police and fire retirement fund. Upon transfer, the market value of the  
75.32 assets of the consolidation account, less any amount of residual assets under subdivision 5,  
75.33 are assets of the public employees police and fire fund as of the effective date of merger,  
75.34 and the assets, excluding the distribution amount under subdivision 5, become an asset of  
75.35 the public employees police and fire retirement fund. The public employees police and

76.1 fire retirement fund also must be credited as an asset with the amount of any receivable  
76.2 assets from employer contributions under subdivision 5.

76.3 Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a  
76.4 survivor benefit from the Virginia fire department consolidation account for the month  
76.5 prior to the effective date of merger and who has not previously elected postretirement  
76.6 adjustments under section 356.415, subdivision 1c, rather than the postretirement  
76.7 adjustment mechanism of the Virginia Fire Department Relief Association under section  
76.8 353A.08, subdivision 1, may elect future postretirement adjustments under section  
76.9 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief  
76.10 Association postretirement adjustment mechanism. The election must be made in writing  
76.11 on a form prescribed by the executive director on or before September 1, 2012. Unless  
76.12 modified by an election under this subdivision, the benefit plan election by any person or  
76.13 on behalf of any person under section 353A.08 remains binding.

76.14 Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of  
76.15 the effective date of merger, the approved actuary retained by the Public Employees  
76.16 Retirement Association under section 356.214 shall determine the final funded status of the  
76.17 former Virginia Fire Department Relief Association special fund. The final funded status is  
76.18 the present value of future benefits payable from the Virginia fire department consolidation  
76.19 account as of the effective date of merger after subtracting the market value of the  
76.20 transferred assets of the Virginia fire department consolidation account as of the effective  
76.21 date of merger. The present value of future benefits figure must be calculated using the  
76.22 applicable actuarial assumptions for the public employees police and fire retirement plan  
76.23 specified in or established under section 356.215. If there is a remainder present value  
76.24 of future benefits amount, the city of Virginia shall pay to the public employees police  
76.25 and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize  
76.26 the calculated remainder present value of future benefits amount by December 31, 2020.  
76.27 Payments shall be made annually on or before December 31, beginning in 2012.

76.28 (b) If there are assets of the former Virginia fire department consolidation account in  
76.29 excess of the present value of future benefits as of the effective date of merger, these assets  
76.30 shall be credited to an interest bearing suspense account within the public employees police  
76.31 and fire retirement fund until January 1, 2013. The suspense account must be credited with  
76.32 the same rate of investment return as the public employees police and fire retirement fund.

76.33 (c) If, after the effective date of merger, the postretirement or preretirement interest  
76.34 rate actuarial assumption applicable to the public employees police and fire retirement plan  
76.35 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota  
76.36 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future

77.1 benefits amount calculation under paragraph (a), updated for the passage of time, must be  
 77.2 revised and any amortization contribution by the city of Virginia for the balance of the  
 77.3 amortization period must be redetermined and certified to the city of Virginia.

77.4 (d) On January 1, 2013, one-half of any suspense account under paragraph (b)  
 77.5 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,  
 77.6 disabilitants, and surviving spouses of the former Virginia fire consolidation account. The  
 77.7 additional ad hoc postretirement adjustment for each recipient is the total amount available  
 77.8 for the adjustment divided by the total number of recipients as of January 1, 2013, of the  
 77.9 former Virginia fire consolidation account. On January 1, 2014, if the suspense account  
 77.10 has earned investment income equal to or greater than the preretirement interest rate  
 77.11 assumption applicable to the public employees police and fire retirement plan under section  
 77.12 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b)  
 77.13 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,  
 77.14 disabilitants, and surviving spouses of the former Virginia fire consolidation account,  
 77.15 divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph  
 77.16 may be deemed to authorize the payment of a postretirement adjustment to an estate.

77.17 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the  
 77.18 effective date of merger.

77.19 Sec. 6. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is  
 77.20 amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
77.27 general state employees retirement plan	8.5%	6.0%
77.28 correctional state employees retirement plan	8.5	6.0
77.29 State Patrol retirement plan	8.5	6.0
77.30 legislators retirement plan	8.5	6.0
77.31 elective state officers retirement plan	8.5	6.0
77.32 judges retirement plan	8.5	6.0
77.33 general public employees retirement plan	8.5	6.0
77.34 public employees police and fire retirement plan	8.5	6.0
77.35 local government correctional service 77.36 retirement plan	8.5	6.0
77.37 teachers retirement plan	8.5	6.0

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78.1	Duluth teachers retirement plan	8.5	8.5
78.2	St. Paul teachers retirement plan	8.5	8.5
78.3	<del>Fairmont Police Relief Association</del>	<del>5.0</del>	<del>5.0</del>
78.4	<del>Virginia Fire Department Relief Association</del>	<del>5.0</del>	<del>5.0</del>
78.5	Bloomington Fire Department Relief	6.0	6.0
78.6	Association		
78.7	local monthly benefit volunteer firefighters	5.0	5.0
78.8	relief associations		

78.9 (b) Before July 1, 2010, the actuarial valuation must use the applicable following  
 78.10 single rate future salary increase assumption, the applicable following modified single  
 78.11 rate future salary increase assumption, or the applicable following graded rate future  
 78.12 salary increase assumption:

78.13 (1) single rate future salary increase assumption

78.14	plan	future salary increase assumption
78.15	legislators retirement plan	5.0%
78.16	judges retirement plan	4.0
78.17	<del>Fairmont Police Relief Association</del>	<del>3.5</del>
78.18	<del>Virginia Fire Department Relief Association</del>	<del>3.5</del>
78.19	Bloomington Fire Department Relief	4.0
78.20	Association	

78.21 (2) age-related select and ultimate future salary increase assumption or graded rate  
 78.22 future salary increase assumption

78.23	plan	future salary increase assumption
78.24	correctional state employees retirement plan	assumption D
78.25	State Patrol retirement plan	assumption C
78.26	local government correctional service retirement plan	assumption C
78.27	Duluth teachers retirement plan	assumption A
78.28	St. Paul teachers retirement plan	assumption B

78.29 The select calculation is: during the  
 78.30 designated select period, a designated  
 78.31 percentage rate is multiplied by the result of  
 78.32 the designated integer minus T, where T is  
 78.33 the number of completed years of service,  
 78.34 and is added to the applicable future salary  
 78.35 increase assumption. The designated select  
 78.36 period is five years and the designated  
 78.37 integer is five for the general state employees  
 78.38 retirement plan. The designated select period  
 78.39 is ten years and the designated integer is ten

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79.1 for all other retirement plans covered by  
 79.2 this clause. The designated percentage rate  
 79.3 is: (1) 0.2 percent for the correctional state  
 79.4 employees retirement plan, the State Patrol  
 79.5 retirement plan, and the local government  
 79.6 correctional service retirement plan; (2)  
 79.7 0.6 percent for the general state employees  
 79.8 retirement plan; and (3) 0.3 percent for the  
 79.9 teachers retirement plan, the Duluth Teachers  
 79.10 Retirement Fund Association, and the St.  
 79.11 Paul Teachers Retirement Fund Association.  
 79.12 The select calculation for the Duluth Teachers  
 79.13 Retirement Fund Association is 8.00 percent  
 79.14 per year for service years one through seven,  
 79.15 7.25 percent per year for service years seven  
 79.16 and eight, and 6.50 percent per year for  
 79.17 service years eight and nine.

79.18 The ultimate future salary increase assumption is:

79.19 age	A	B	C	D
79.20 16	8.00%	6.90%	7.7500%	7.2500%
79.21 17	8.00	6.90	7.7500	7.2500
79.22 18	8.00	6.90	7.7500	7.2500
79.23 19	8.00	6.90	7.7500	7.2500
79.24 20	6.90	6.90	7.7500	7.2500
79.25 21	6.90	6.90	7.1454	6.6454
79.26 22	6.90	6.90	7.0725	6.5725
79.27 23	6.85	6.85	7.0544	6.5544
79.28 24	6.80	6.80	7.0363	6.5363
79.29 25	6.75	6.75	7.0000	6.5000
79.30 26	6.70	6.70	7.0000	6.5000
79.31 27	6.65	6.65	7.0000	6.5000
79.32 28	6.60	6.60	7.0000	6.5000
79.33 29	6.55	6.55	7.0000	6.5000
79.34 30	6.50	6.50	7.0000	6.5000
79.35 31	6.45	6.45	7.0000	6.5000
79.36 32	6.40	6.40	7.0000	6.5000
79.37 33	6.35	6.35	7.0000	6.5000
79.38 34	6.30	6.30	7.0000	6.5000
79.39 35	6.25	6.25	7.0000	6.5000
79.40 36	6.20	6.20	6.9019	6.4019

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80.1	37	6.15	6.15	6.8074	6.3074
80.2	38	6.10	6.10	6.7125	6.2125
80.3	39	6.05	6.05	6.6054	6.1054
80.4	40	6.00	6.00	6.5000	6.0000
80.5	41	5.90	5.95	6.3540	5.8540
80.6	42	5.80	5.90	6.2087	5.7087
80.7	43	5.70	5.85	6.0622	5.5622
80.8	44	5.60	5.80	5.9048	5.4078
80.9	45	5.50	5.75	5.7500	5.2500
80.10	46	5.40	5.70	5.6940	5.1940
80.11	47	5.30	5.65	5.6375	5.1375
80.12	48	5.20	5.60	5.5822	5.0822
80.13	49	5.10	5.55	5.5404	5.0404
80.14	50	5.00	5.50	5.5000	5.0000
80.15	51	4.90	5.45	5.4384	4.9384
80.16	52	4.80	5.40	5.3776	4.8776
80.17	53	4.70	5.35	5.3167	4.8167
80.18	54	4.60	5.30	5.2826	4.7826
80.19	55	4.50	5.25	5.2500	4.7500
80.20	56	4.40	5.20	5.2500	4.7500
80.21	57	4.30	5.15	5.2500	4.7500
80.22	58	4.20	5.10	5.2500	4.7500
80.23	59	4.10	5.05	5.2500	4.7500
80.24	60	4.00	5.00	5.2500	4.7500
80.25	61	3.90	5.00	5.2500	4.7500
80.26	62	3.80	5.00	5.2500	4.7500
80.27	63	3.70	5.00	5.2500	4.7500
80.28	64	3.60	5.00	5.2500	4.7500
80.29	65	3.50	5.00	5.2500	4.7500
80.30	66	3.50	5.00	5.2500	4.7500
80.31	67	3.50	5.00	5.2500	4.7500
80.32	68	3.50	5.00	5.2500	4.7500
80.33	69	3.50	5.00	5.2500	4.7500
80.34	70	3.50	5.00	5.2500	4.7500

80.35 (3) service-related ultimate future salary increase assumption

80.36	general state employees retirement plan of the	assumption A
80.37	Minnesota State Retirement System	
80.38	general employees retirement plan of the Public	assumption B
80.39	Employees Retirement Association	
80.40	Teachers Retirement Association	assumption C
80.41	public employees police and fire retirement plan	assumption D

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81.1	service				
81.2	length	A	B	C	D
81.3	1	10.75%	12.25%	12.00%	13.00%
81.4	2	8.35	9.15	9.00	11.00
81.5	3	7.15	7.75	8.00	9.00
81.6	4	6.45	6.85	7.50	8.00
81.7	5	5.95	6.25	7.25	6.50
81.8	6	5.55	5.75	7.00	6.10
81.9	7	5.25	5.45	6.85	5.80
81.10	8	4.95	5.15	6.70	5.60
81.11	9	4.75	4.85	6.55	5.40
81.12	10	4.65	4.65	6.40	5.30
81.13	11	4.45	4.45	6.25	5.20
81.14	12	4.35	4.35	6.00	5.10
81.15	13	4.25	4.15	5.75	5.00
81.16	14	4.05	4.05	5.50	4.90
81.17	15	3.95	3.95	5.25	4.80
81.18	16	3.85	3.85	5.00	4.80
81.19	17	3.75	3.75	4.75	4.80
81.20	18	3.75	3.75	4.50	4.80
81.21	19	3.75	3.75	4.25	4.80
81.22	20	3.75	3.75	4.00	4.80
81.23	21	3.75	3.75	3.90	4.70
81.24	22	3.75	3.75	3.80	4.60
81.25	23	3.75	3.75	3.70	4.50
81.26	24	3.75	3.75	3.60	4.50
81.27	25	3.75	3.75	3.50	4.50
81.28	26	3.75	3.75	3.50	4.50
81.29	27	3.75	3.75	3.50	4.50
81.30	28	3.75	3.75	3.50	4.50
81.31	29	3.75	3.75	3.50	4.50
81.32	30 or more	3.75	3.75	3.50	4.50

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

81.37	plan	payroll growth assumption
81.38	general state employees retirement plan of the	3.75%
81.39	Minnesota State Retirement System	
81.40	correctional state employees retirement plan	4.50
81.41	State Patrol retirement plan	4.50
81.42	legislators retirement plan	4.50

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82.1	judges retirement plan	4.00
82.2	general employees retirement plan of the Public	3.75
82.3	Employees Retirement Association	
82.4	public employees police and fire retirement plan	3.75
82.5	local government correctional service retirement plan	4.50
82.6	teachers retirement plan	3.75
82.7	Duluth teachers retirement plan	4.50
82.8	St. Paul teachers retirement plan	5.00

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

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

82.12 (2) is accompanied by the concurring recommendation of the actuary retained under  
82.13 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the  
82.14 most recent actuarial valuation report if section 356.214 does not apply; and

82.15 (3) has been approved or deemed approved under subdivision 18.

82.16 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section  
82.17 is effective as of the date for consolidation set by the board of the Public Employees  
82.18 Retirement Association in consultation with the State Board of Investment, but not later  
82.19 than June 29, 2012.

82.20 (b) For the Virginia fire consolidation account, this section is effective on June 29,  
82.21 2012, which is the effective date of merger.

82.22 Sec. 7. Laws 2002, chapter 392, article 1, section 8, is amended to read:

82.23 Sec. 8. **REVISOR INSTRUCTIONS.**

82.24 ~~(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes~~  
82.25 ~~shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those~~  
82.26 ~~sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."~~

82.27 ~~(b)~~ In the next and subsequent editions of Minnesota Statutes, the revisor of statutes  
82.28 shall, in each section indicated in column A, replace the cross-reference specified in  
82.29 column B with the cross-reference set forth in column C:

82.30	Column A	Column B	Column C
82.31	69.021, subd. 10	69.77, subd. 2a	69.77, subd. 3
82.32	69.021, subd. 10	69.77, subd. 2b	69.77, subd. 4
82.33	69.021, subd. 10	69.77, subd. 2c	69.77, subd. 5
82.34	299A.465, subd. 5	424.03	Minnesota Statutes, 2000,
82.35			424.03
82.36	353A.07, subd. 6	69.77, subd. 2a	69.77, subd. 3
82.37	353A.09, subd. 4	69.77, subd. 2a	69.77, subd. 3

83.1	356.216	69.77, subd. 2b	69.77, subd. 4
83.2	356.219, subd. 2	69.77, subd. 2g	69.77, subd. 9
83.3	423.01, subd. 2	69.77, subd. 2b	69.77, subd. 4
83.4	423A.18	69.77, subd. 2i	69.77, subd. 11
83.5	423A.19, subd. 4	69.77, subd. 2i	69.77, subd. 11
83.6	423B.06, subd. 1	69.77, subd. 2a	69.77, subd. 3
83.7	423B.06, subd. 1	69.77, subd. 2b	69.77, subd. 4
83.8	423B.06, subd. 1	69.77, subd. 2c	69.77, subd. 5
83.9	423B.06, subd. 1	69.77, subd. 2d	69.77, subd. 6
83.10	423B.06, subd. 1	69.77, subd. 2e	69.77, subd. 7
83.11	423B.06, subd. 1	69.77, subd. 2f	69.77, subd. 8
83.12	423B.21, subd. 1	69.77, subd. 2b	69.77, subd. 4

83.13            **EFFECTIVE DATE.** This section is effective as of the date for consolidation set  
83.14 by the board of the Public Employees Retirement Association in consultation with the  
83.15 State Board of Investment, but not later than June 29, 2012.

83.16            Sec. 8. **TERMINATION OF THE FAIRMONT POLICE RELIEF**  
83.17 **ASSOCIATION.**

83.18            On the effective date of consolidation, the Fairmont Police Relief Association  
83.19 ceases to exist.

83.20            **EFFECTIVE DATE.** This section is effective as of the date for consolidation set  
83.21 by the board of the Public Employees Retirement Association in consultation with the  
83.22 State Board of Investment, but not later than June 29, 2012.

83.23            Sec. 9. **TERMINATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF**  
83.24 **ASSOCIATION.**

83.25            On the effective date of merger, the Virginia fire department consolidation account  
83.26 ceases to exist.

83.27            **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the  
83.28 effective date of merger.

83.29            Sec. 10. **REPEALER.**

83.30            Subdivision 1. **Fairmont Police Relief Association.** (a) Laws 1963, chapter 423;  
83.31 and Laws 1999, chapter 222, article 3, sections 3; 4; and 5, are repealed.

83.32            (b) Minnesota Statutes 2010, section 423A.06, is repealed.

84.1 (c) The revisor shall show Minnesota Statutes, sections 423.41, 423.42, 423.43,  
84.2 423.44, 423.45, 423.46, 423.48, 423.49, 423.50, 423.51, 423.52, 423.53, 423.54, 423.55,  
84.3 423.56, 423.57, 423.58, 423.59, 423.61, and 423.62, as repealed.

84.4 (d) Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15;  
84.5 16; 17; 18; 19; 21; and 22, are repealed.

84.6 Subd. 2. **Virginia fire department consolidation account.** Laws 1953, chapter  
84.7 399, as amended by Laws 1961, chapter 420, section 1, Laws 1961, chapter 420, section 2,  
84.8 Laws 1961, chapter 420, section 3, Laws 1961, chapter 420, section 4, Laws 1961, chapter  
84.9 420, section 5, Laws 1961, chapter 420, section 6, Laws 1963, chapter 407, section 1,  
84.10 Laws 1965, chapter 546, section 1, Laws 1965, chapter 546, section 2, Laws 1965, chapter  
84.11 546, section 3, Laws 1969, chapter 578, section 1, Laws 1969, chapter 578, section 2,  
84.12 Laws 1969, chapter 578, section 3; Laws 1961, chapter 420, sections 2, as amended by  
84.13 Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter  
84.14 578, section 1; 3; 4; 5, as amended by Laws 1963, chapter 407, section 1, Laws 1969,  
84.15 chapter 578, section 2; and 6; Laws 1963, chapter 407, section 1, as amended by Laws  
84.16 1969, chapter 578, section 2; Laws 1965, chapter 546, sections 1; 2, as amended by Laws  
84.17 1969, chapter 578, section 1; and 3; Laws 1969, chapter 578, sections 1; 2; and 3; Laws  
84.18 1974, chapter 183, as amended by Laws 1991, chapter 62, section 1; Laws 1982, chapter  
84.19 574, section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69,  
84.20 section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article 2, section  
84.21 14; Laws 1988, chapter 709, sections 1, as amended by Laws 1989, chapter 319, article 4,  
84.22 section 2, Laws 1989, chapter 319, article 18, section 11; and 2; Laws 1991, chapter 62,  
84.23 sections 1; and 2; and Laws 1992, chapter 465, section 1, are repealed.

84.24 **EFFECTIVE DATE.** Subdivision 1 is effective as of the date for consolidation  
84.25 of the Fairmont Police Relief Association set by the board of the Public Employees  
84.26 Retirement Association in consultation with the State Board of Investment, but not later  
84.27 than June 29, 2012.

84.28 Subdivision 2 is effective for the Virginia fire consolidation account on June 29,  
84.29 2012, which is the effective date of merger.

## 84.30 **ARTICLE 12**

### 84.31 **VOLUNTEER FIRE RETIREMENT CHANGES**

84.32 Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

85.1 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that  
85.2 a different meaning is intended, the following words and terms, for the purposes of this  
85.3 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

85.4 (a) "Commissioner" means the commissioner of revenue.

85.5 (b) "Municipality" means:

85.6 (1) a home rule charter or statutory city;

85.7 (2) an organized town;

85.8 (3) a park district subject to chapter 398;

85.9 (4) the University of Minnesota;

85.10 (5) for purposes of the fire state aid program only, an American Indian tribal  
85.11 government entity located within a federally recognized American Indian reservation;

85.12 (6) for purposes of the police state aid program only, an American Indian tribal  
85.13 government with a tribal police department which exercises state arrest powers under  
85.14 section 626.90, 626.91, 626.92, or 626.93;

85.15 (7) for purposes of the police state aid program only, the Metropolitan Airports  
85.16 Commission; and

85.17 (8) for purposes of the police state aid program only, the Department of Natural  
85.18 Resources and the Department of Public Safety with respect to peace officers covered  
85.19 under chapter 352B.

85.20 (c) "Minnesota Firetown Premium Report" means a form prescribed by the  
85.21 commissioner containing space for reporting by insurers of fire, lightning, sprinkler  
85.22 leakage and extended coverage premiums received upon risks located or to be performed  
85.23 in this state less return premiums and dividends.

85.24 (d) "Firetown" means the area serviced by any municipality having a qualified fire  
85.25 department or a qualified incorporated fire department having a subsidiary volunteer  
85.26 firefighters' relief association.

85.27 (e) "Market value" means latest available market value of all property in a taxing  
85.28 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem  
85.29 taxation obtained from information which appears on abstracts filed with the commissioner  
85.30 of revenue or equalized by the State Board of Equalization.

85.31 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the  
85.32 commissioner for reporting by each fire and casualty insurer of all premiums received  
85.33 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,  
85.34 during the preceding calendar year, with reference to insurance written for insuring against  
85.35 the perils contained in auto insurance coverages as reported in the Minnesota business  
85.36 schedule of the annual financial statement which each insurer is required to file with

86.1 the commissioner in accordance with the governing laws or rules less return premiums  
86.2 and dividends.

86.3 (g) "Peace officer" means any person:

86.4 (1) whose primary source of income derived from wages is from direct employment  
86.5 by a municipality or county as a law enforcement officer on a full-time basis of not less  
86.6 than 30 hours per week;

86.7 (2) who has been employed for a minimum of six months prior to December 31  
86.8 preceding the date of the current year's certification under subdivision 2, clause (b);

86.9 (3) who is sworn to enforce the general criminal laws of the state and local  
86.10 ordinances;

86.11 (4) who is licensed by the Peace Officers Standards and Training Board and is  
86.12 authorized to arrest with a warrant; and

86.13 (5) who is a member of the ~~Minneapolis Police Relief Association~~, the State Patrol  
86.14 retirement plan, or the public employees police and fire fund.

86.15 (h) "Full-time equivalent number of peace officers providing contract service" means  
86.16 the integral or fractional number of peace officers which would be necessary to provide  
86.17 the contract service if all peace officers providing service were employed on a full-time  
86.18 basis as defined by the employing unit and the municipality receiving the contract service.

86.19 (i) "Retirement benefits other than a service pension" means any disbursement  
86.20 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

86.21 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

86.22 (1) for the police state aid program and police relief association financial reports:

86.23 (i) the person who was elected or appointed to the specified position or, in the  
86.24 absence of the person, another person who is designated by the applicable governing body;

86.25 (ii) in a park district, the ~~clerk is the~~ secretary of the board of park district  
86.26 commissioners;

86.27 (iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated  
86.28 by the Board of Regents;

86.29 (iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated  
86.30 by the commission;

86.31 (v) for the Department of Natural Resources or the Department of Public Safety,  
86.32 the ~~clerk is the~~ respective commissioner;

86.33 (vi) for a tribal police department which exercises state arrest powers under section  
86.34 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable  
86.35 American Indian tribal government; and

87.1 (2) for the fire state aid program and fire relief association financial reports, the  
87.2 person who was elected or appointed to the specified position, or, for governmental  
87.3 entities other than counties, if the governing body of the governmental entity designates  
87.4 the position to perform the function, the chief financial official of the governmental entity  
87.5 or the chief administrative official of the governmental entity.

87.6 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the  
87.7 retirement plan established by chapter 353G.

87.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

87.9 Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:

87.10 Subdivision 1. **Financial report and audit.** (a) The board of each salaried  
87.11 firefighters relief association, police relief association, and volunteer firefighters relief  
87.12 association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000  
87.13 or liabilities of at least \$200,000 in the prior year or in any previous year, according to  
87.14 the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1)~~  
87.15 prepare a financial report covering the special and general funds of the relief association  
87.16 for the preceding fiscal year ~~on a form prescribed by the state auditor,~~ file the financial  
87.17 report, and submit financial statements.

87.18 (b) The financial report must contain financial statements and disclosures which  
87.19 present the true financial condition of the relief association and the results of relief  
87.20 association operations in conformity with generally accepted accounting principles and in  
87.21 compliance with the regulatory, financing and funding provisions of this chapter and any  
87.22 other applicable laws. The financial report must be countersigned by:

87.23 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief  
87.24 association is located if the relief association is a firefighters relief association which is  
87.25 directly associated with a municipal fire department or is a police relief association; ~~or~~  
87.26 ~~countersigned by the secretary of the independent nonprofit firefighting corporation and~~

87.27 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population  
87.28 which contracts with the independent nonprofit firefighting corporation if the volunteer  
87.29 firefighter relief association is a subsidiary of an independent nonprofit firefighting  
87.30 corporation and by the secretary of the independent nonprofit firefighting corporation; or

87.31 (3) by the chief financial official of the county in which the volunteer firefighter  
87.32 relief association is located or primarily located if the relief association is associated with  
87.33 a fire department that is not located in or associated with an organized municipality.

87.34 ~~(2) file~~ (c) The financial report must be retained in its office for public inspection  
87.35 and ~~present it to~~ must be filed with the city council governing body of the government

88.1 subdivision in which the associated fire department is located after the close of the fiscal  
88.2 year. One copy of the financial report must be furnished to the state auditor after the  
88.3 close of the fiscal year; and.

88.4 ~~(3) submit to the state auditor~~ (d) Audited financial statements which have been must  
88.5 be attested to by a certified public accountant, public accountant, or the state auditor and  
88.6 must be filed with the state auditor within 180 days after the close of the fiscal year. The  
88.7 state auditor may accept this report in lieu of the report required in clause (2) paragraph (c).

88.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

88.9 Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

88.10 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief  
88.11 association, as defined in section 424A.001, subdivision 4, that is not required to file  
88.12 a financial report and audit under subdivision 1 must prepare a detailed statement of  
88.13 the financial affairs for the preceding fiscal year of the relief association's special and  
88.14 general funds in the style and form prescribed by the state auditor. The detailed statement  
88.15 must show the sources and amounts of all money received; all disbursements, accounts  
88.16 payable and accounts receivable; the amount of money remaining in the treasury; total  
88.17 assets including a listing of all investments; the accrued liabilities; and all items necessary  
88.18 to show accurately the revenues and expenditures and financial position of the relief  
88.19 association.

88.20 (b) The detailed financial statement required under paragraph (a) must be certified  
88.21 by an independent public accountant or auditor or by the auditor or accountant who  
88.22 regularly examines or audits the financial transactions of the municipality. In addition to  
88.23 certifying the financial condition of the special and general funds of the relief association,  
88.24 the accountant or auditor conducting the examination shall give an opinion as to the  
88.25 condition of the special and general funds of the relief association, and shall comment  
88.26 upon any exceptions to the report. The independent accountant or auditor must have at  
88.27 least five years of public accounting, auditing, or similar experience, and must not be an  
88.28 active, inactive, or retired member of the relief association or the fire or police department.

88.29 (c) The detailed statement required under paragraph (a) must be countersigned by:  
88.30 (1) the municipal clerk or clerk-treasurer of the municipality; or;  
88.31 (2) where applicable, by the secretary of the independent nonprofit firefighting  
88.32 corporation and by the municipal clerk or clerk-treasurer of the largest municipality in  
88.33 population which contracts with the independent nonprofit firefighting corporation if the  
88.34 relief association is a subsidiary of an independent nonprofit firefighting corporation; and  
88.35 by the secretary of the independent nonprofit firefighting corporation; or

89.1           (3) by the chief financial official of the county in which the volunteer firefighter  
89.2 relief association is located or primarily located if the relief association is associated with  
89.3 a fire department that is not located in or associated with an organized municipality.

89.4           (d) The volunteer firefighters' relief association board must file the detailed statement  
89.5 required under paragraph (a) in the relief association office for public inspection and  
89.6 present it to the city council within 45 days after the close of the fiscal year, and must  
89.7 submit a copy of the detailed statement to the state auditor within 90 days of the close of  
89.8 the fiscal year.

89.9           **EFFECTIVE DATE.** This section is effective July 1, 2012.

89.10          Sec. 4. Minnesota Statutes 2010, section 69.051, subdivision 3, is amended to read:

89.11           Subd. 3. **Report by certain municipalities.** (a) Each municipality which has  
89.12 an organized fire department but which does not have a firefighters' relief association  
89.13 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted  
89.14 under paragraph (b) shall annually prepare a detailed financial report of the receipts and  
89.15 disbursements by the municipality for fire protection service during the preceding calendar  
89.16 year, on a form prescribed by the state auditor. The financial report must contain any  
89.17 information which the state auditor deems necessary to disclose the sources of receipts  
89.18 and the purpose of disbursements for fire protection service. The financial report must be  
89.19 signed by the municipal clerk or clerk-treasurer of the municipality. The financial report  
89.20 must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before  
89.21 July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the~~  
89.22 ~~county wherein the municipality is located.~~ The municipality shall not qualify initially to  
89.23 receive, or be entitled subsequently to retain, state aid under this chapter if the financial  
89.24 reporting requirement or the applicable requirements of this chapter or any other statute or  
89.25 special law have not been complied with or are not fulfilled.

89.26           (b) Each municipality that has an organized fire department and provides retirement  
89.27 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter  
89.28 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and  
89.29 retained in the statewide lump-sum volunteer firefighter retirement fund without filing  
89.30 a detailed financial report if the executive director of the Public Employees Retirement  
89.31 Association certifies compliance by the municipality with the requirements of sections  
89.32 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements  
89.33 of section 353G.07.

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

90.1 Sec. 5. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

90.2 Subd. 4. **Certification of financial requirements and minimum municipal**  
90.3 **obligation; levy.** (a) The officers of the relief association shall certify the financial  
90.4 requirements of the special fund of the relief association and the minimum obligation of  
90.5 the municipality with respect to the special fund of the relief association as determined  
90.6 under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of  
90.7 each year. The certification must be made to the entity that is responsible for satisfying  
90.8 the minimum obligation with respect to the special fund of the relief association. If the  
90.9 responsible entity is a joint powers entity, the certification must be made in the manner  
90.10 specified in the joint powers agreement, or if the joint powers agreement is silent on this  
90.11 point, the certification must be made to the chair of the joint powers board.

90.12 (b) The financial requirements of the relief association and the minimum municipal  
90.13 obligation must be included in the financial report or financial statement under section  
90.14 69.051. The schedule forms related to the determination of the financial requirements  
90.15 must be filed with the state auditor by March 31, annually, if the relief association is  
90.16 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,  
90.17 annually, if the relief association is required to file a financial report and audit under  
90.18 section 69.051, subdivision 1.

90.19 ~~(b)~~ (c) The municipality shall provide for at least the minimum obligation of the  
90.20 municipality with respect to the special fund of the relief association by tax levy or from  
90.21 any other source of public revenue.

90.22 ~~(c)~~ (d) The municipality may levy taxes for the payment of the minimum municipal  
90.23 obligation without any limitation as to rate or amount and irrespective of any limitations  
90.24 imposed by other provisions of law upon the rate or amount of taxation until the balance  
90.25 of the special fund or any fund of the relief association has attained a specified level. In  
90.26 addition, any taxes levied under this section must not cause the amount or rate of any other  
90.27 taxes levied in that year or to be levied in a subsequent year by the municipality which are  
90.28 subject to a limitation as to rate or amount to be reduced.

90.29 ~~(d)~~ (e) If the municipality does not include the full amount of the minimum  
90.30 municipal obligations in its levy for any year, the officers of the relief association shall  
90.31 certify that amount to the county auditor, who shall spread a levy in the amount of the  
90.32 certified minimum municipal obligation on the taxable property of the municipality.

90.33 ~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made  
90.34 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause  
90.35 (5), the state auditor may request a copy of the certifications under this subdivision  
90.36 from the relief association or from the city. The relief association or the city, whichever

91.1 applies, must provide the certifications within 14 days of the date of the request from  
91.2 the state auditor.

91.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

91.4 Sec. 6. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

91.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association  
91.6 shall determine the minimum obligation of the municipality with respect to the special  
91.7 fund of the relief association for the following calendar year on or before August 1 of each  
91.8 year in accordance with the requirements of this subdivision.

91.9 (b) The minimum obligation of the municipality with respect to the special fund is  
91.10 an amount equal to the financial requirements of the special fund of the relief association  
91.11 determined under subdivision 4, reduced by the estimated amount of any fire state  
91.12 aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by  
91.13 the municipality for transmittal to the special fund of the relief association during the  
91.14 following year and the amount of any anticipated contributions to the special fund  
91.15 required by the relief association bylaws from the active members of the relief association  
91.16 reasonably anticipated to be received during the following calendar year. A reasonable  
91.17 amount of anticipated fire state aid is an amount that does not exceed the fire state aid  
91.18 actually received in the prior year multiplied by the factor 1.035.

91.19 (c) The officers of the relief association shall certify the financial requirements of  
91.20 the special fund of the relief association and the minimum obligation of the municipality  
91.21 with respect to the special fund of the relief association as determined under subdivision 4  
91.22 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year.  
91.23 The certification must be made to the entity that is responsible for satisfying the minimum  
91.24 obligation with respect to the special fund of the relief association. If the responsible  
91.25 entity is a joint powers entity, the certification must be made in the manner specified in  
91.26 the joint powers agreement, or if the joint powers agreement is silent on this point, the  
91.27 certification must be made to the chair of the joint powers board.

91.28 (d) The financial requirements of the relief association and the minimum municipal  
91.29 obligation must be included in the financial report or financial statement under section  
91.30 69.051.

91.31 ~~(d)~~ (e) The municipality shall provide for at least the minimum obligation of the  
91.32 municipality with respect to the special fund of the relief association by tax levy or from  
91.33 any other source of public revenue. The municipality may levy taxes for the payment of the  
91.34 minimum municipal obligation without any limitation as to rate or amount and irrespective  
91.35 of any limitations imposed by other provisions of law or charter upon the rate or amount

92.1 of taxation until the balance of the special fund or any fund of the relief association has  
92.2 attained a specified level. In addition, any taxes levied under this section must not cause  
92.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year  
92.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.

92.5 ~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal  
92.6 obligation in its levy for any year, the officers of the relief association shall certify that  
92.7 amount to the county auditor, who shall spread a levy in the amount of the minimum  
92.8 municipal obligation on the taxable property of the municipality.

92.9 ~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made  
92.10 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause  
92.11 (5), the state auditor may request from the relief association or from the city a copy of  
92.12 the certifications under this subdivision. The relief association or the city, whichever  
92.13 applies, must provide the certifications within 14 days of the date of the request from  
92.14 the state auditor.

92.15 **EFFECTIVE DATE.** This section is effective July 1, 2012.

92.16 Sec. 7. Minnesota Statutes 2010, section 69.80, is amended to read:

92.17 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

92.18 (a) Notwithstanding any provision of law to the contrary, the payment of the  
92.19 following necessary, reasonable and direct expenses of maintaining, protecting and  
92.20 administering the special fund, when provided for in the bylaws of the association and  
92.21 approved by the board of trustees, constitutes authorized administrative expenses of a  
92.22 police, salaried firefighters', or volunteer firefighters' relief association organized under  
92.23 any law of this state:

92.24 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,  
92.25 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative  
92.26 personnel;

92.27 (2) salaries of the ~~president, secretary, and treasurer~~ officers of the association, or  
92.28 their designees, and ~~any other official~~ salaries of the members of the board of trustees of  
92.29 the relief association to whom a salary is payable under bylaws or articles of incorporation  
92.30 in effect on January 1, 1986 if the salary amounts are approved by the governing body of  
92.31 the entity that is responsible for meeting any minimum obligation under section 69.77,  
92.32 69.772, or 69.773, and their the itemized expenses of relief association officers and board  
92.33 members that are incurred as a result of fulfilling their responsibilities as administrators  
92.34 of the special fund;

93.1 (3) tuition, registration fees, organizational dues, and other authorized expenses  
93.2 of the officers or members of the board of trustees incurred in attending educational  
93.3 conferences, seminars, or classes relating to the administration of the relief association;

93.4 (4) audit, actuarial, medical, legal, and investment and performance evaluation  
93.5 expenses;

93.6 (5) filing and application fees payable by the relief association to federal or other  
93.7 governmental entities;

93.8 (6) reimbursement to the officers and members of the board of trustees, or their  
93.9 designees, for reasonable and necessary expenses actually paid and incurred in the  
93.10 performance of their duties as officers or members of the board; and

93.11 ~~(6)~~ (7) premiums on fiduciary liability insurance and official bonds for the officers,  
93.12 members of the board of trustees, and employees of the relief association.

93.13 (b) Any other expenses of the relief association must be paid from the general fund  
93.14 of the association, if one exists. If a relief association has only one fund, that fund is the  
93.15 special fund for purposes of this section. If a relief association has a special fund and  
93.16 a general fund, and any expense of the relief association that is directly related to the  
93.17 purposes for which both funds were established, the payment of that expense must be  
93.18 apportioned between the two funds on the basis of the benefits derived by each fund.

93.19 **EFFECTIVE DATE.** This section is effective July 1, 2012, with respect to the  
93.20 amendment to paragraph (a), clause (2), and is effective retroactively from January 1,  
93.21 2010, with respect to the amendment to paragraph (a), clauses (5), (6), and (7).

93.22 Sec. 8. Minnesota Statutes 2010, section 353G.08, is amended by adding a subdivision  
93.23 to read:

93.24 **Subd. 2a. Additional municipal contributions authorized.** (a) At the discretion of  
93.25 the municipality or the independent nonprofit firefighting corporation associated with a fire  
93.26 department covered by a voluntary statewide lump-sum volunteer firefighter retirement  
93.27 plan account, the municipality or the corporation may make additional contributions  
93.28 to the applicable account.

93.29 (b) The executive director of the Public Employees Retirement Association  
93.30 may specify requirements as to the form, timing, and accompanying information for  
93.31 contributions made under this subdivision.

93.32 (c) Any contributions made under this subdivision must be included as total present  
93.33 assets of the account for the calculation of any subsequent annual funding requirements  
93.34 for the account under subdivision 1 or for the calculation of any cash flow funding  
93.35 requirement under subdivision 2.

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

94.2 Sec. 9. Minnesota Statutes 2010, section 424A.001, subdivision 4, is amended to read:

94.3 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters'  
94.4 relief association" means ~~(1)~~ a volunteer firefighters' relief association or a volunteer  
94.5 firefighters' division or account of a partially salaried and partially volunteer firefighters'  
94.6 relief association that is:

94.7 (1) organized and incorporated as a nonprofit corporation to provide retirement  
94.8 benefits to volunteer firefighters under chapter 317A and any laws of the state;

94.9 (2) is governed by this chapter and ~~chapter 69~~, sections 69.771 to 69.775; and

94.10 (3) is directly associated with:

94.11 (i) a fire department established by municipal ordinance; or

94.12 ~~(2) any separately incorporated volunteer firefighters' relief association that is~~  
94.13 ~~subsidiary to and that provides service pension and retirement benefit coverage for~~

94.14 ~~members of~~ (ii) an independent nonprofit firefighting corporation that is organized under  
94.15 the provisions of chapter 317A, is governed by this chapter, and that operates exclusively  
94.16 primarily for firefighting purposes; or

94.17 (iii) a fire department operated as or by a joint powers entity that operates primarily  
94.18 for firefighting purposes.

94.19 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

94.20 (1) the Bloomington Fire Department Relief Association governed by section 69.77;  
94.21 Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

94.22 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed  
94.23 by Minnesota Statutes, chapter 353G.

94.24 (c) A relief association or volunteer firefighters' relief association is a governmental  
94.25 entity that receives and manages public money to provide retirement benefits for  
94.26 individuals providing the governmental services of firefighting and emergency first  
94.27 response.

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

94.29 Sec. 10. Minnesota Statutes 2010, section 424A.01, subdivision 6, is amended to read:

94.30 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements  
94.31 of this section apply to all breaks in service, except breaks in service mandated by federal  
94.32 or state law.

94.33 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and  
94.34 fire prevention duties for at least 60 days resumes performing active firefighting with the

95.1 fire department associated with the relief association, if the bylaws of the relief association  
95.2 so permit, the firefighter may again become an active member of the relief association. A  
95.3 firefighter who returns to active service and membership is subject to the service pension  
95.4 calculation requirements under this section.

95.5 (2) A firefighter who has been granted an approved leave of absence not exceeding  
95.6 one year by the fire department or by the relief association is exempt from the minimum  
95.7 period of resumption service requirement of this section.

95.8 (3) A person who has a break in service not exceeding one year but has not been  
95.9 granted an approved leave of absence and who has not received a service pension or  
95.10 disability benefit may be made exempt from the minimum period of resumption service  
95.11 requirement of this section by the relief association bylaws.

95.12 (4) If the bylaws so provide, a firefighter who returns to active relief association  
95.13 membership under this paragraph may continue to collect a monthly service pension,  
95.14 notwithstanding the service pension eligibility requirements under chapter 424A.

95.15 (c) If a former firefighter who has received a service pension or disability benefit  
95.16 returns to active relief association membership under paragraph (b), the firefighter may  
95.17 qualify for the receipt of a service pension from the relief association for the resumption  
95.18 service period if the firefighter meets the service requirements of section 424A.016,  
95.19 subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension  
95.20 more than once for the same period of service.

95.21 (d) If a former firefighter who has not received a service pension or disability benefit  
95.22 returns to active relief association membership under paragraph (b), the firefighter may  
95.23 qualify for the receipt of a service pension from the relief association for the original  
95.24 and resumption service period periods if the firefighter meets the ~~minimum period of~~  
95.25 ~~resumption service specified in the relief association bylaws and the~~ service requirements  
95.26 of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and  
95.27 resumption years of service credit.

95.28 (e) A firefighter who returns to active lump-sum relief association membership  
95.29 under paragraph (b) and who qualifies for a service pension under paragraph (c) ~~or (d)~~  
95.30 must have, upon a subsequent cessation of duties, any service pension for the resumption  
95.31 service period calculated as a separate benefit. If a lump-sum service pension had  
95.32 been paid to the firefighter upon the firefighter's previous cessation of duties, a second  
95.33 lump-sum service pension for the resumption service period must be calculated ~~to apply~~  
95.34 by applying the service pension amount in effect on the date of the firefighter's termination  
95.35 of the resumption service for all years of the resumption service. ~~No firefighter may be~~  
95.36 ~~paid a service pension twice for the same period of service. If a lump-sum service pension~~

96.1 ~~had not been paid to the firefighter upon the firefighter's previous cessation of duties and~~  
96.2 ~~the firefighter meets the minimum service requirement of section 424A.016, subdivision~~  
96.3 ~~3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service~~  
96.4 ~~pension amount in effect on the date of the firefighter's termination of the resumption~~  
96.5 ~~service for all years of service credit.~~

96.6 (f) A firefighter who had not been paid a lump-sum service pension returns to  
96.7 active relief association membership under paragraph (b), who ~~does~~ did not qualify for  
96.8 ~~a service pension under paragraph (d)~~ meet the minimum period of resumption service  
96.9 requirement specified in the relief association's bylaws, but who does meet the minimum  
96.10 ~~service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based~~  
96.11 ~~on the firefighter's previous original and resumption years of active service, must have,~~  
96.12 ~~upon a subsequent cessation of duties, a service pension calculated for the previous years~~  
96.13 ~~of original and resumption service based on periods calculated by applying the service~~  
96.14 ~~pension amount in effect on the date of the firefighter's termination of the resumption~~  
96.15 ~~service, or, if the bylaws so provide, based on the service pension amount in effect on the~~  
96.16 ~~date of the firefighter's previous cessation of duties. The service pension for a firefighter~~  
96.17 ~~who returns to active lump-sum relief association membership under this paragraph, but~~  
96.18 ~~who had met the minimum period of resumption service requirement specified in the relief~~  
96.19 ~~association's bylaws, must be calculated by applying the service pension amount in effect~~  
96.20 ~~on the date of the firefighter's termination of the resumption service.~~

96.21 (g) If a firefighter receiving a monthly benefit service pension returns to active  
96.22 monthly benefit relief association membership under paragraph (b), and if the relief  
96.23 association bylaws do not allow for the firefighter to continue collecting a monthly service  
96.24 pension, any monthly benefit service pension payable to the firefighter is suspended as  
96.25 of the first day of the month next following the date on which the firefighter returns to  
96.26 active membership. If the firefighter was receiving a monthly benefit service pension, and  
96.27 qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional  
96.28 monthly benefit service pension upon a subsequent cessation of duties calculated based  
96.29 on the resumption service credit and the service pension accrual amount in effect on the  
96.30 date of the termination of the resumption service. A suspended initial service pension  
96.31 resumes as of the first of the month next following the termination of the resumption  
96.32 service. If the firefighter was not receiving a monthly benefit service pension and meets  
96.33 the minimum service requirement of section 424A.02, subdivision 2, a service pension  
96.34 must be calculated ~~to apply~~ by applying the service pension amount in effect on the date  
96.35 of the firefighter's termination of the resumption service for all years of service credit.

97.1 (h) A firefighter who was not receiving a monthly benefit service pension returns to  
97.2 active relief association membership under paragraph (b), who ~~does~~ did not qualify for  
97.3 a service pension under paragraph (d) meet the minimum period of resumption service  
97.4 requirement specified in the relief association's bylaws, but who does meet the minimum  
97.5 service requirement of section 424A.02, subdivision 2, based on the firefighter's ~~previous~~  
97.6 original and resumption years of active service, must have, upon a subsequent cessation  
97.7 of duties, a service pension ~~calculated~~ for the ~~previous years of~~ original and resumption  
97.8 service based on periods calculated by applying the service pension amount in effect on  
97.9 the date of the firefighter's termination of the resumption service, or, if the bylaws so  
97.10 provide, based on the service pension amount in effect on the date of the firefighter's  
97.11 previous cessation of duties. The service pension for a firefighter who returns to active  
97.12 relief association membership under this paragraph, but who had met the minimum period  
97.13 of resumption service requirement specified in the relief association's bylaws, must be  
97.14 calculated by applying the service pension amount in effect on the date of the firefighter's  
97.15 termination of the resumption service.

97.16 (i) For defined contribution plans, a firefighter who returns to active relief  
97.17 association membership under paragraph (b) and who qualifies for a service pension  
97.18 under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service  
97.19 pension for the resumption service period calculated as a separate benefit. If a service  
97.20 pension had been paid to the firefighter upon the firefighter's previous cessation of duties,  
97.21 and if the firefighter meets the minimum service requirement of section 424A.016,  
97.22 subdivision 3, based on the resumption years of service, a second service pension for  
97.23 the resumption service period must be calculated to include allocations credited to the  
97.24 firefighter's individual account during the resumption period of service and deductions  
97.25 for administrative expenses, if applicable.

97.26 (j) For defined contribution plans, if a firefighter who had not been paid a service  
97.27 pension returns to active relief association membership under paragraph (b), and who  
97.28 meets the minimum service requirement of section 424A.016, subdivision 3, based on  
97.29 the firefighter's original and resumption years of service, must have, upon a subsequent  
97.30 cessation of duties, a service pension for the original and resumption service periods  
97.31 calculated to include allocations credited to the firefighter's individual account during the  
97.32 resumption period of service and deductions for administrative expenses, if applicable,  
97.33 less any amounts previously forfeited under section 424A.016, subdivision 4.

97.34 **EFFECTIVE DATE.** This section is effective July 1, 2012.

97.35 Sec. 11. Minnesota Statutes 2010, section 424A.016, subdivision 5, is amended to read:

98.1 Subd. 5. **Service pension installment payments.** (a) A defined contribution relief  
98.2 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~  
98.3 ~~member~~ intended recipient and in lieu of a single payment of a service pension or a  
98.4 survivor benefit, the service pension or survivor benefit in installments.

98.5 (b) The election of installment payments is irrevocable and must be made by the  
98.6 ~~retiring member~~ intended recipient in writing and filed with the secretary of the relief  
98.7 association no later than 30 days before the commencement of payment of the service  
98.8 pension or survivor benefit.

98.9 (c) The amount of the installment payments must be the fractional portion of the  
98.10 remaining account balance equal to one divided by the number of remaining annual  
98.11 installment payments.

98.12 **EFFECTIVE DATE.** This section is effective July 1, 2012.

98.13 Sec. 12. Minnesota Statutes 2010, section 424A.016, subdivision 6, is amended to read:

98.14 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
98.15 to a deferred service pension if the member:

98.16 (1) has completed the lesser of the minimum period of active service with the fire  
98.17 department specified in the bylaws or 20 years of active service with the fire department;

98.18 (2) has completed at least five years of active membership in the relief association;  
98.19 and

98.20 (3) separates from active service and membership ~~before reaching age 50 or the~~  
98.21 ~~minimum age for retirement and commencement of a service pension specified in the~~  
98.22 ~~bylaws governing the relief association if that age is greater than age 50.~~ The requirement  
98.23 that a member separate from active service and membership is waived for persons who  
98.24 have discontinued their volunteer firefighter duties and who are employed on a full-time  
98.25 basis under section 424A.015, subdivision 1.

98.26 (b) The deferred service pension is payable when the former member reaches  
98.27 at least age 50, or at least the minimum age specified in the bylaws governing the relief  
98.28 association if that age is greater than age 50, and when the former member makes a valid  
98.29 written application.

98.30 (c) A defined contribution relief association may, if its governing bylaws so provide,  
98.31 credit interest or additional investment performance on the deferred lump-sum service  
98.32 pension during the period of deferral. If provided for in the bylaws, the interest must be  
98.33 paid:

99.1 (1) at the investment performance rate actually earned on that portion of the assets  
99.2 if the deferred benefit amount is invested by the relief association in a separate account  
99.3 established and maintained by the relief association ~~or~~;

99.4 (2) at the investment performance rate actually earned on that portion of the assets  
99.5 if the deferred benefit amount is invested in a separate investment vehicle held by the  
99.6 relief association; or

99.7 ~~(2)~~ (3) at the investment return on the assets of the special fund of the defined  
99.8 contribution volunteer firefighter relief association in proportion to the share of the assets  
99.9 of the special fund to the credit of each individual deferred member account through  
99.10 the accounting date on which the investment return is recognized by and credited to the  
99.11 special fund.

99.12 (d) Unless the bylaws of a relief association that has elected to pay interest or  
99.13 additional investment performance on deferred lump-sum service pensions under  
99.14 paragraph (c) specifies a different interest or additional investment performance method,  
99.15 including the interest or additional investment performance period starting date and ending  
99.16 date, the interest or additional investment performance on a deferred service pension  
99.17 is creditable as follows:

99.18 (1) for a relief association that has elected to pay interest or additional investment  
99.19 performance under paragraph (c), clause (1) or (3), beginning on the date that the  
99.20 member separates from active service and membership and ending on the accounting  
99.21 date immediately before the deferred member commences receipt of the deferred service  
99.22 pension; or

99.23 (2) for a relief association that has elected to pay interest or additional investment  
99.24 performance under paragraph (c), clause (2), beginning on the date that the member  
99.25 separates from active service and membership and ending on the date that the separate  
99.26 investment vehicle is valued immediately before the date on which the deferred member  
99.27 commences receipt of the deferred service pension.

99.28 (e) The deferred service pension is governed by and must be calculated under  
99.29 the general statute, special law, relief association articles of incorporation, and relief  
99.30 association bylaw provisions applicable on the date on which the member separated from  
99.31 active service with the fire department and active membership in the relief association.

99.32 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

99.33 (b) This section applies only to persons becoming deferred service pensioners after  
99.34 January 1, 2013.

99.35 Sec. 13. Minnesota Statutes 2010, section 424A.02, subdivision 1, is amended to read:

100.1           Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
100.2 articles of incorporation or bylaws so provide, may pay out of the assets of its special  
100.3 fund a defined benefit service pension to each of its members who: (1) separates from  
100.4 active service with the fire department; (2) reaches age 50; (3) completes at least five  
100.5 years of active service as an active member of the municipal fire department to which the  
100.6 relief association is associated; (4) completes at least five years of active membership  
100.7 with the relief association before separation from active service; and (5) complies with  
100.8 any additional conditions as to age, service, and membership that are prescribed by the  
100.9 bylaws of the relief association. A service pension computed under this section may be  
100.10 prorated monthly for fractional years of service as the bylaws or articles of incorporation  
100.11 of the relief association so provide. The bylaws or articles of incorporation may define  
100.12 a "month," but the definition must require a calendar month to have at least 16 days of  
100.13 active service. If the bylaws or articles of incorporation do not define a "month," a  
100.14 "month" is a completed calendar month of active service measured from the member's  
100.15 date of entry to the same date in the subsequent month. The service pension earned by a  
100.16 volunteer firefighter under this chapter and the articles of incorporation and bylaws of the  
100.17 volunteer firefighters' relief association may be paid whether or not the municipality or  
100.18 nonprofit firefighting corporation to which the relief association is associated qualifies for  
100.19 the receipt of fire state aid under chapter 69.

100.20           (b) In the case of a member who has completed at least five years of active service as  
100.21 an active member of the fire department to which the relief association is associated on  
100.22 the date that the relief association is established and incorporated, the requirement that  
100.23 the member complete at least five years of active membership with the relief association  
100.24 before separation from active service may be waived by the board of trustees of the relief  
100.25 association if the member completes at least five years of inactive membership with the  
100.26 relief association before the date of the payment of the service pension. During the  
100.27 period of inactive membership, the member is not entitled to receive disability benefit  
100.28 coverage, is not entitled to receive additional service credit towards computation of a  
100.29 service pension, and is considered to have the status of a person entitled to a deferred  
100.30 service pension under subdivision 7.

100.31           (c) No municipality or nonprofit firefighting corporation may delegate the power to  
100.32 take final action in setting a service pension or ancillary benefit amount or level to the  
100.33 board of trustees of the relief association or to approve in advance a service pension or  
100.34 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
100.35 would allow rather than a specific dollar amount or level.

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101.1 ~~(d) No relief association as defined in section 424A.001, subdivision 4, may pay a~~  
101.2 ~~defined benefit service pension or disability benefit to a former member of the relief~~  
101.3 ~~association if that person has not separated from active service with the fire department to~~  
101.4 ~~which the relief association is directly associated, unless:~~

101.5 ~~(1) the person is employed subsequent to retirement by the municipality or the~~  
101.6 ~~independent nonprofit firefighting corporation, whichever applies, to perform duties within~~  
101.7 ~~the municipal fire department or corporation on a full-time basis;~~

101.8 ~~(2) the governing body of the municipality or of the corporation has filed its~~  
101.9 ~~determination with the board of trustees of the relief association that the person's~~  
101.10 ~~experience with and service to the fire department in that person's full-time capacity~~  
101.11 ~~would be difficult to replace; and~~

101.12 ~~(3) the bylaws of the relief association were amended to provide for the payment of~~  
101.13 ~~a service pension or disability benefit for such full-time employees.~~

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

101.15 Sec. 14. Minnesota Statutes 2010, section 424A.02, subdivision 7, is amended to read:

101.16 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
101.17 association is entitled to a deferred service pension if the member:

101.18 (1) has completed the lesser of either the minimum period of active service with  
101.19 the fire department specified in the bylaws or 20 years of active service with the fire  
101.20 department;

101.21 (2) has completed at least five years of active membership in the relief association;  
101.22 and

101.23 (3) separates from active service and membership ~~before reaching age 50 or the~~  
101.24 ~~minimum age for retirement and commencement of a service pension specified in the~~  
101.25 ~~bylaws governing the relief association if that age is greater than age 50.~~ The requirement  
101.26 that a member separate from active service and membership is waived for persons who  
101.27 have discontinued their volunteer firefighter duties and who are employed on a full-time  
101.28 basis under section 424A.015, subdivision 1.

101.29 (b) The deferred service pension is payable when the former member reaches  
101.30 at least age 50, or at least the minimum age specified in the bylaws governing the relief  
101.31 association if that age is greater than age 50, and when the former member makes a valid  
101.32 written application.

101.33 (c) A defined benefit relief association that provides a lump-sum service pension  
101.34 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the

102.1 deferred lump-sum service pension during the period of deferral. If provided for in the  
102.2 bylaws, interest must be paid in one of the following manners:

102.3 (1) at the investment performance rate actually earned on that portion of the assets  
102.4 if the deferred benefit amount is invested by the relief association in a separate account  
102.5 established and maintained by the relief association ~~or~~;

102.6 (2) at the investment performance rate actually earned on that portion of the assets  
102.7 if the deferred benefit amount is invested in a separate investment vehicle held by the  
102.8 relief association; or

102.9 ~~(2)~~ (3) at an interest rate of up to five percent, compounded annually, as set by the  
102.10 board of directors and approved as provided in subdivision 10.

102.11 (d) Interest under paragraph (c), clause ~~(2)~~ (3), is payable following the date on  
102.12 which the municipality has approved the deferred service pension interest rate established  
102.13 by the board of trustees.

102.14 (e) Unless the bylaws of a relief association that has elected to pay interest or  
102.15 additional investment performance on deferred lump-sum service pensions under  
102.16 paragraph (c) specifies a different interest or additional investment performance method,  
102.17 including the interest or additional investment performance period starting date and ending  
102.18 date, the interest or additional investment performance on a deferred service pension  
102.19 is creditable as follows:

102.20 (1) for a relief association that has elected to pay interest or additional investment  
102.21 performance under paragraph (c), clause (1) or (3), beginning on the date that the  
102.22 member separates from active service and membership and ending on the accounting  
102.23 date immediately before the deferred member commences receipt of the deferred service  
102.24 pension; or

102.25 (2) for a relief association that has elected to pay interest or additional investment  
102.26 performance under paragraph (c), clause (2), beginning on the date that the member  
102.27 separates from active service and membership and ending on the date that the separate  
102.28 investment vehicle is valued immediately before the date on which the deferred member  
102.29 commences receipt of the deferred service pension.

102.30 (f) For a deferred service pension that is transferred to a separate account established  
102.31 and maintained by the relief association or separate investment vehicle held by the relief  
102.32 association, the deferred member bears the full investment risk subsequent to transfer and  
102.33 in calculating the accrued liability of the volunteer firefighters relief association that pays  
102.34 a lump-sum service pension, the accrued liability for deferred service pensions is equal  
102.35 to the separate relief association account balance or the fair market value of the separate  
102.36 investment vehicle held by the relief association.

103.1           ~~(f)~~ (g) The deferred service pension is governed by and must be calculated under  
103.2 the general statute, special law, relief association articles of incorporation, and relief  
103.3 association bylaw provisions applicable on the date on which the member separated from  
103.4 active service with the fire department and active membership in the relief association.

103.5           **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

103.6           (b) This section applies only to persons becoming deferred service pensioners after  
103.7 January 1, 2013.

103.8           Sec. 15. Minnesota Statutes 2010, section 424A.02, subdivision 9, is amended to read:

103.9           Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,  
103.10 including any volunteer firefighters relief association governed by section 69.77 or any  
103.11 volunteer firefighters division of a relief association governed by chapter 424, may only  
103.12 pay ancillary benefits which would constitute an authorized disbursement as specified in  
103.13 section 424A.05 subject to the following requirements or limitations:

103.14           (1) with respect to a defined benefit relief association in which governing bylaws  
103.15 provide solely for a lump-sum service pension to a retiring member, or provide a retiring  
103.16 member the choice of either a lump-sum service pension or a monthly service pension  
103.17 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any  
103.18 former member or paid to any person on behalf of any former member after the former  
103.19 member (i) terminates active service with the fire department and active membership  
103.20 in the relief association; and (ii) commences receipt of a service pension as authorized  
103.21 under this section; and

103.22           (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
103.23 payable to any member, to any former member, or to any person on behalf of any member  
103.24 or former member, may exceed in amount the total earned service pension of the member  
103.25 or former member. The total earned service pension must be calculated by multiplying  
103.26 the service pension amount specified in the bylaws of the relief association at the time of  
103.27 death or disability, whichever applies, by the years of service credited to the member or  
103.28 former member. The years of service must be determined as of (i) the date the member or  
103.29 former member became entitled to the ancillary benefit; or (ii) the date the member or  
103.30 former member died entitling a survivor or the estate of the member or former member to  
103.31 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the  
103.32 member had attained the minimum amount of service and membership credit specified in  
103.33 the governing bylaws. For active members, the amount of a permanent disability benefit  
103.34 or a survivor benefit must be equal to the member's total earned service pension except  
103.35 that the bylaws of a defined benefit relief association may provide for the payment of a

104.1 survivor benefit in an amount not to exceed five times the yearly service pension amount  
104.2 specified in the bylaws on behalf of any member who dies before having performed five  
104.3 years of active service in the fire department with which the relief association is affiliated.

104.4 (3)(i) If a lump sum survivor or death benefit is payable under the articles of  
104.5 incorporation or bylaws, the benefit must be paid:

104.6 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

104.7 (B) as a survivor benefit to the surviving children of the deceased firefighter if  
104.8 no surviving spouse;

104.9 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
104.10 surviving spouse or surviving children; or

104.11 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no  
104.12 surviving children and no beneficiary designated.

104.13 (ii) If there are no surviving children, the surviving spouse may waive, in writing,  
104.14 wholly or partially, the spouse's entitlement to a survivor benefit.

104.15 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of  
104.16 incorporation or bylaws, the benefit must be paid:

104.17 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

104.18 (B) as a survivor benefit to the surviving children of the deceased firefighter if  
104.19 no surviving spouse;

104.20 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
104.21 surviving spouse or surviving children; or

104.22 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no  
104.23 surviving spouse, no surviving children, and no beneficiary designated.

104.24 (ii) If there are no surviving children, the surviving spouse may waive, in writing,  
104.25 wholly or partially, the spouse's entitlement to a survivor benefit.

104.26 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly  
104.27 survivor benefit payable to a designated beneficiary, the relief association bylaws may  
104.28 limit the total survivor benefit amount payable.

104.29 (5) For purposes of this section, for a monthly benefit volunteer fire relief association  
104.30 or for a combination lump-sum and monthly benefit volunteer fire relief association where  
104.31 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
104.32 respect to a firefighter, a designated beneficiary must be a natural person. For purposes  
104.33 of this section, for a lump-sum volunteer fire relief association or for a combination  
104.34 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service  
104.35 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,  
104.36 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to

105.1 the surviving children organized under chapter 501B as authorized by this section and  
105.2 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding  
105.3 a requirement of this section to the contrary.

105.4 **EFFECTIVE DATE.** This section is effective January 1, 2013.

105.5 Sec. 16. Minnesota Statutes 2010, section 424A.04, subdivision 3, is amended to read:

105.6 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter  
105.7 relief association employs or contracts with a consultant to provide legal or financial  
105.8 advice, the secretary of the relief association shall obtain and the consultant shall provide  
105.9 to the secretary of the relief association a copy of the consultant's certificate of insurance.

105.10 (b) A consultant is any person who is employed under contract to provide legal or  
105.11 financial advice and who is or who represents to the volunteer firefighter relief association  
105.12 that the person is:

- 105.13 (1) an actuary;
- 105.14 (2) ~~a licensed public accountant~~ or a certified public accountant;
- 105.15 (3) an attorney;
- 105.16 (4) an investment advisor or manager, or an investment counselor;
- 105.17 (5) an investment advisor or manager selection consultant;
- 105.18 (6) a pension benefit design advisor or consultant; or
- 105.19 (7) any other financial consultant.

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

105.21 Sec. 17. Minnesota Statutes 2010, section 424A.06, subdivision 2, is amended to read:

105.22 Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established,  
105.23 must be credited with the following:

105.24 (1) ~~all moneys~~ money received from dues; other than dues payable as contributions

105.25 under the bylaws of the relief association to the special fund;

105.26 (2) all money received from fines;

105.27 (3) all money received from initiation fees;

105.28 (4) all money received as entertainment revenues; and

105.29 (5) any moneys money or property donated, given, granted or devised by any

105.30 person, either for the support of the general fund of the relief association or for unspecified  
105.31 uses purposes.

105.32 (b) The treasurer of the relief association is the custodian of the assets of the general  
105.33 fund and must be the recipient on behalf of the general fund of all revenues payable to the

106.1 general fund. The treasurer shall maintain adequate records documenting any transaction  
106.2 involving the assets or the revenues of the general fund. These records must be open for  
106.3 inspection by any member of the relief association at reasonable times and places.

106.4 **EFFECTIVE DATE.** This section is effective July 1, 2012.

106.5 **ARTICLE 13**

106.6 **SMALL GROUP OR ONE PERSON RETIREMENT PROVISIONS**

106.7 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 2a,  
106.8 is amended to read:

106.9 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
106.10 whose salary exceeds \$425 in any month and who are not specifically excluded under  
106.11 subdivision 2b or who have not been provided an option to participate under subdivision  
106.12 2d, whether individually or by action of the governmental subdivision, must participate as  
106.13 members of the association with retirement coverage by the general employees retirement  
106.14 plan under this chapter, the public employees police and fire retirement plan under this  
106.15 chapter, or the local government correctional employees retirement plan under chapter  
106.16 353E, whichever applies. Membership commences as a condition of their employment on  
106.17 the first day of their employment or on the first day that the eligibility criteria are met,  
106.18 whichever is later. Public employees include but are not limited to:

106.19 (1) persons whose salary meets the threshold in this paragraph from employment in  
106.20 one or more positions within one governmental subdivision;

106.21 (2) elected county sheriffs;

106.22 (3) persons who are appointed, employed, or contracted to perform governmental  
106.23 functions that by law or local ordinance are required of a public officer, including, but  
106.24 not limited to:

106.25 (i) town and city clerk or treasurer;

106.26 (ii) county auditor, treasurer, or recorder;

106.27 (iii) city manager as defined in section 353.028 who does not exercise the option  
106.28 provided under subdivision 2d; or

106.29 (iv) emergency management director, as provided under section 12.25;

106.30 (4) physicians under section 353D.01, subdivision 2, who do not elect public  
106.31 employees defined contribution plan coverage under section 353D.02, subdivision 2;

106.32 (5) full-time employees of the Dakota County Agricultural Society;

106.33 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis  
106.34 Police Relief Association who are not excluded employees under subdivision 2b due

107.1 to coverage by the relief association pension plan and who elected general employee  
107.2 retirement plan coverage before August 20, 2009; ~~and~~

107.3 (7) employees of the Red Wing Port Authority who were first employed by the  
107.4 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
107.5 under subdivision 2b; and

107.6 (8) employees of the Seaway Port Authority of Duluth who are not excluded  
107.7 employees under subdivision 2b.

107.8 (b) A public employee or elected official who was a member of the association on  
107.9 June 30, 2002, based on employment that qualified for membership coverage by the public  
107.10 employees retirement plan or the public employees police and fire plan under this chapter,  
107.11 or the local government correctional employees retirement plan under chapter 353E as of  
107.12 June 30, 2002, retains that membership for the duration of the person's employment in that  
107.13 position or incumbency in elected office. Except as provided in subdivision 28, the person  
107.14 shall participate as a member until the employee or elected official terminates public  
107.15 employment under subdivision 11a or terminates membership under subdivision 11b.

107.16 (c) If the salary of an included public employee is less than \$425 in any subsequent  
107.17 month, the member retains membership eligibility.

107.18 (d) For the purpose of participation in the MERF division of the general employees  
107.19 retirement plan, public employees include employees who were members of the former  
107.20 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as  
107.21 members of the MERF division of the association.

107.22 **EFFECTIVE DATE.** (a) This section is effective the day after the board of  
107.23 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely  
107.24 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

107.25 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires  
107.26 on June 30, 2012.

107.27 Sec. 2. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 6, is  
107.28 amended to read:

107.29 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a  
107.30 county, city, town, school district within this state, or a department, unit or instrumentality  
107.31 of state or local government, or any public body established under state or local  
107.32 authority that has a governmental purpose, is under public control, is responsible for the  
107.33 employment and payment of the salaries of employees of the entity, and receives a major  
107.34 portion of its revenues from taxation, fees, assessments or from other public sources.

108.1 (b) Governmental subdivision also means the Public Employees Retirement  
108.2 Association, the League of Minnesota Cities, the Association of Metropolitan  
108.3 Municipalities, charter schools formed under section 124D.10, service cooperatives  
108.4 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers  
108.5 boards organized under section 471.59, subdivision 11, paragraph (a), family service  
108.6 collaboratives and children's mental health collaboratives organized under section 471.59,  
108.7 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives  
108.8 are governmental units that otherwise qualify for retirement plan membership, public  
108.9 hospitals owned or operated by, or an integral part of, a governmental subdivision or  
108.10 governmental subdivisions, the Association of Minnesota Counties, the Minnesota  
108.11 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan  
108.12 Airports Commission, the University of Minnesota with respect to police officers covered  
108.13 by the public employees police and fire retirement plan, the Minneapolis Employees  
108.14 Retirement Fund for employment initially commenced after June 30, 1979, the Range  
108.15 Association of Municipalities and Schools, soil and water conservation districts, economic  
108.16 development authorities created or operating under sections 469.090 to 469.108, the Port  
108.17 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing  
108.18 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna  
108.19 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,  
108.20 the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the  
108.21 Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association  
108.22 with respect to staff covered by the Public Employees Retirement Association general plan.

108.23 (c) Governmental subdivision does not mean any municipal housing and  
108.24 redevelopment authority organized under the provisions of sections 469.001 to 469.047;  
108.25 or any port authority organized under sections 469.048 to 469.089 other than the Port  
108.26 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than  
108.27 the Red Wing Port Authority; or any hospital district organized or reorganized prior to  
108.28 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board  
108.29 of a family service collaborative or children's mental health collaborative organized  
108.30 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled  
108.31 by representatives of governmental units.

108.32 (d) A nonprofit corporation governed by chapter 317A or organized under Internal  
108.33 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a  
108.34 governmental subdivision unless the entity has obtained a written advisory opinion from  
108.35 the United States Department of Labor or a ruling from the Internal Revenue Service  
108.36 declaring the entity to be an instrumentality of the state so as to provide that any future

109.1 contributions by the entity on behalf of its employees are contributions to a governmental  
109.2 plan within the meaning of Internal Revenue Code, section 414(d).

109.3 (e) A public body created by state or local authority may request membership on  
109.4 behalf of its employees by providing sufficient evidence that it meets the requirements in  
109.5 paragraph (a).

109.6 (f) An entity determined to be a governmental subdivision is subject to the reporting  
109.7 requirements of this chapter upon receipt of a written notice of eligibility from the  
109.8 association.

109.9 **EFFECTIVE DATE.** (a) This section is effective the day after the board of  
109.10 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely  
109.11 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

109.12 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires  
109.13 on June 30, 2012.

109.14 Sec. 3. **PERA-GENERAL; PRIOR SEAWAY PORT AUTHORITY OF DULUTH**  
109.15 **SERVICE CREDIT TRANSFER.**

109.16 Subdivision 1. PERA-general coverage. Employees of the Seaway Port Authority  
109.17 of Duluth on July 1, 2012, are public employees within the meaning of Minnesota  
109.18 Statutes, section 353.01, subdivisions 2 and 2a, and are members of the general employees  
109.19 retirement plan of the Public Employees Retirement Association as of that date.

109.20 Subd. 2. Service and salary credit for prior Seaway Port Authority of Duluth  
109.21 **employment.** (a) Any employee of the Seaway Port Authority of Duluth on the effective  
109.22 date of this section is eligible, on or after July 1, 2012, to transfer to the general employees  
109.23 retirement plan of the Public Employees Retirement Association prior service credit  
109.24 rendered in the employ of the Seaway Port Authority of Duluth as allowable service  
109.25 credit, but not to exceed the maximum set forth in paragraph (c), and prior salary received  
109.26 from employment by the Seaway Port Authority of Duluth as salary credit as provided in  
109.27 paragraph (b).

109.28 (b) The amount of allowable service and salary credit to be transferred to the general  
109.29 employees retirement plan for prior Seaway Port Authority of Duluth employment is that  
109.30 portion of the total prior Seaway Port Authority of Duluth employment that bears the same  
109.31 relationship that the assets transferred to the general employees retirement fund with  
109.32 respect to each applicable person bear to the full actuarial value of the benefit attributable  
109.33 to the prior service and salary under Minnesota Statutes, chapters 353 and 356. The full  
109.34 actuarial value of the benefit attributable to the prior service under Minnesota Statutes,  
109.35 chapters 353 and 356, is as provided in Minnesota Statutes, section 356.551. The assets

110.1 transferred with respect to each applicable person is the person's account balance in the  
110.2 Seaway Port Authority of Duluth section 401(a) federal Internal Revenue Code retirement  
110.3 plan, the person's account balance in a section 457 federal Internal Revenue Code deferred  
110.4 compensation plan, the person's share of any purchase payment amounts that the Seaway  
110.5 Port Authority of Duluth irrevocably commits to contribute to the general employees  
110.6 retirement fund, and any purchase payment amount contributed by the applicable person  
110.7 to the general employees retirement fund. Any amounts from the section 401(a) federal  
110.8 Internal Revenue Code retirement plan, the section 457 federal Internal Revenue Code  
110.9 deferred compensation plan, or from a purchase payment amount provided by the Seaway  
110.10 Port Authority of Duluth must be made on an institution-to-institution basis.

110.11 (c) If the assets transferred with respect to an applicable person under paragraph (b)  
110.12 are less than the full actuarial value of the benefit attributable to the prior service under  
110.13 Minnesota Statutes, section 356.551, as of the date of the asset transfer, the untransferred  
110.14 balance of the prior service and salary may be purchased on June 30, 2014, by the  
110.15 applicable person or a combination of the applicable person and the Seaway Port Authority  
110.16 of Duluth by the payment of the balance of the full actuarial value payment amount under  
110.17 Minnesota Statutes, section 356.551, plus compound interest at the rate of 0.71 percent per  
110.18 month between the transfer date under paragraph (b) until June 30, 2014. No applicable  
110.19 person may purchase more allowable service and salary credit from the general employees  
110.20 retirement plan of the Public Employees Retirement Association than the person's period  
110.21 of employment by the Seaway Port Authority of Duluth rendered before the effective date  
110.22 of this section if the employment would have been eligible service and salary for general  
110.23 employees retirement plan coverage if the service had been rendered or salary received  
110.24 after the effective date of this section.

110.25 (d) An applicable person must provide any documentation related to eligibility  
110.26 under the general employees retirement plan that is required by the executive director.  
110.27 Allowable service and salary credit for any period must be transferred and recognized  
110.28 by the general employees retirement plan for an applicable person upon receipt of the  
110.29 associated transferred assets.

110.30 (e) Transferred service and salary credit related to the Seaway Port Authority of  
110.31 Duluth before July 1, 1989, does not make a person eligible for a retirement annuity under  
110.32 Minnesota Statutes, section 353.30, subdivision 1a.

110.33 (f) Authority to have service and salary credit transferred under this section expires  
110.34 on July 1, 2013, or on the date that the applicable person terminates employment by the  
110.35 Seaway Port Authority of Duluth, whichever is earlier.

111.1 Subd. 3. Status of service transfer amounts. Notwithstanding any provision of  
111.2 Minnesota Statutes, section 353.32, 353.34, or 353.35, to the contrary, amounts transferred  
111.3 to the general employees retirement fund of the Public Employees Retirement Association  
111.4 under subdivision 2 must be considered to be an accumulated member contribution  
111.5 deduction.

111.6 **EFFECTIVE DATE.** (a) This section is effective the day after the board of  
111.7 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely  
111.8 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

111.9 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires  
111.10 on June 30, 2012.

111.11 Sec. 4. **TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION**  
111.12 **FOR CERTAIN MNSCU FACULTY MEMBER.**

111.13 (a) Notwithstanding any provision to the contrary in Minnesota Statutes, chapter  
111.14 354B, an eligible person described in paragraph (b) may elect prospective and retroactive  
111.15 retirement coverage under paragraph (c).

111.16 (b) An eligible person is a person who:

111.17 (1) was born on February 2, 1978;

111.18 (2) was initially employed by the Minnesota State Colleges and Universities system  
111.19 on a part-time basis at Metropolitan State University on August 27, 2005;

111.20 (3) was also additionally employed within the Minnesota State Colleges and  
111.21 Universities system at Inver Hills Community College and St. Paul College; and

111.22 (4) was covered by the higher education individual retirement account plan because  
111.23 of a failure of Metropolitan State University to advise the eligible person about the  
111.24 optional election and default retirement coverage provisions of Minnesota Statutes, section  
111.25 354B.21, subdivisions 2 and 3.

111.26 (c) An eligible person may elect retirement coverage by the Teachers Retirement  
111.27 Association rather than the higher education individual retirement account plan for faculty  
111.28 employment rendered after the date of the retirement coverage election under this section  
111.29 and for past Minnesota State Colleges and Universities system faculty employment from  
111.30 August 27, 2005, until the date of the retirement coverage election. The election must  
111.31 be made in writing, must be filed with the executive director of the Teachers Retirement  
111.32 Association, and must be accompanied with any relevant documentation required by the  
111.33 executive director of the Teachers Retirement Association.

111.34 (d) If an eligible person makes the retirement coverage election under paragraph (c),  
111.35 the eligible person's member contributions to the higher education individual retirement

112.1 account plan must be transferred to the Teachers Retirement Association, with any earned  
112.2 investment returns on those contributions. If the transferred member contributions and  
112.3 investment earnings are less than the calculated amount of the member contribution that  
112.4 the eligible person would have made to the Teachers Retirement Association on the  
112.5 eligible person's compensation from the Minnesota State Colleges and Universities system  
112.6 for the period from August 27, 2005, to the date of the retirement coverage election, if  
112.7 the person had been covered by the Teachers Retirement Association during the period,  
112.8 plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the  
112.9 balance of that calculated member contribution obligation within 30 days of the retirement  
112.10 coverage election. Any payment may be made through an institution-to-institution transfer  
112.11 from the eligible person's account in the Minnesota state deferred compensation program  
112.12 or the eligible person's tax-sheltered savings account under section 403(b) of the federal  
112.13 Internal Revenue Code.

112.14 (e) Upon the transfer of the equivalent member contribution amount and any  
112.15 additional payments under paragraph (d), the balance of the eligible person's higher  
112.16 education individual retirement account plan account must be transferred to the Teachers  
112.17 Retirement Association. If the amounts under paragraph (d) and the higher education  
112.18 individual retirement account plan account balance under this paragraph are less than  
112.19 the prior service credit purchase payment amount calculated under Minnesota Statutes,  
112.20 section 356.551, the Minnesota State Colleges and Universities system shall pay that  
112.21 difference within 60 days of the retirement coverage election date.

112.22 (f) Upon the transfers and payments under paragraphs (d) and (e), the eligible person  
112.23 must be credited by the Teachers Retirement Association with allowable and formula  
112.24 service for Minnesota State Colleges and Universities system employment since August  
112.25 27, 2005.

112.26 (g) The authority to make a retirement coverage election under this section expires  
112.27 on January 1, 2013.

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

112.29 **Sec. 5. SERVICE CREDIT PURCHASE AUTHORIZATION FOR**  
112.30 **UNCREDITED PRIOR PUBLIC EMPLOYMENT.**

112.31 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
112.32 service in the general employees retirement plan of the Public Employees Retirement  
112.33 Association under Minnesota Statutes, section 353.01, subdivision 16, for the period  
112.34 described in paragraph (c) upon the payment of the purchase requirement specified in  
112.35 paragraph (e).

113.1 (b) An eligible person is a person who:

113.2 (1) was born on September 10, 1949;

113.3 (2) was first employed by Crookston Township on July 1, 1990;

113.4 (3) was enrolled in the general employees retirement plan of the Public Employees

113.5 Retirement Association on September 15, 2010; and

113.6 (4) had omitted deductions paid for allowable service for Crookston Township

113.7 back to January 1, 2007.

113.8 (c) The period of prior service credit available for purchase is the period of

113.9 Crookston Township employment from July 1, 1990, to December 31, 2006, if the service

113.10 was not that of an independent contractor and the compensation for the service met or

113.11 exceeded the applicable minimum monthly salary threshold amount for plan coverage.

113.12 (d) The eligible person must apply with the executive director of the Public

113.13 Employees Retirement Association to make the service credit purchase under this section.

113.14 The application must be in writing and must include all necessary relevant documentation

113.15 that the executive director may require.

113.16 (e) Allowable service credit under Minnesota Statutes, section 353.01, subdivision

113.17 16, must be granted by the general employees retirement plan of the Public Employees

113.18 Retirement Association to the eligible person in proportion to the portion of the prior

113.19 service credit purchase payment amount bears to the total prior service credit purchase

113.20 payment amount required under Minnesota Statutes, section 356.551. Of the total prior

113.21 service credit purchase payment amount under Minnesota Statutes, section 356.551, the

113.22 eligible person must pay a total amount equal to the employee contribution rates in effect

113.23 during the uncredited employment period applied to the actual salary rates of the eligible

113.24 person during the period. If the eligible person begins to make the payment, Crookston

113.25 Township shall pay the remainder of the total prior service credit purchase payment

113.26 amount calculated under Minnesota Statutes, section 356.551. The executive director of

113.27 the Public Employees Retirement Association shall notify the treasurer of Crookston

113.28 Township that the member has begun paying the member contribution amount within 60

113.29 days of the receipt of that payment. If Crookston Township fails to pay its portion of the

113.30 prior service credit purchase payment amount under this section, the executive director

113.31 of the Public Employees Retirement Association shall collect the unpaid amount under

113.32 Minnesota Statutes, section 353.28, subdivision 6, paragraph (a). The eligible person

113.33 and Crookston Township may make monthly or quarterly installment payments of their

113.34 purchase payment portions, with interest on the remaining balance of the portion at an 8.5

113.35 percent annual compounded rate.

114.1 (f) Authority for an eligible person and Crookston Township to make prior service  
114.2 credit purchase installment payments under this section expires on June 30, 2017, or upon  
114.3 the eligible person's termination of employment by Crookston Township, whereupon any  
114.4 unpaid installments are due in a lump sum.

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

114.6 Sec. 6. **PERA-P&F; LATE RETROACTIVE DUTY DISABILITY BENEFIT**  
114.7 **APPLICATION AUTHORIZED.**

114.8 (a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or  
114.9 353.656 to the contrary, an eligible person described in paragraph (b) is authorized to file,  
114.10 on behalf of the deceased eligible person's spouse, an application for a disability benefit  
114.11 from the public employees police and fire retirement plan retroactive to the date of the  
114.12 duty disability injury.

114.13 (b) An eligible person is the surviving spouse of a person who:

114.14 (1) was born on February 9, 1983;

114.15 (2) was initially employed as a deputy sheriff by Mahnomen County on May 9, 2005;

114.16 (3) suffered two gunshot wounds while investigating a report of gunfire in

114.17 Mahnomen on February 18, 2009, including one gunshot wound to the head; and

114.18 (4) after periods at a rehabilitation hospital and at a hospice facility, died as a result  
114.19 of the wounds and accompanying complications on August 9, 2010.

114.20 (c) If the eligible person files the disability benefit application under paragraph (a)  
114.21 and if the late Mahnomen County deputy sheriff described in paragraph (b) is determined  
114.22 by the Public Employees Retirement Association as being disabled while in the line of  
114.23 duty, the eligible person is entitled to receive payment of the duty disability benefits that  
114.24 would have been paid before August 10, 2010, to the late Mahnomen County deputy  
114.25 described in paragraph (b) under Minnesota Statutes, section 353.656, subdivision 1a, if  
114.26 a disability benefit application had been filed in a timely manner on or after February  
114.27 18, 2009.

114.28 (d) The authority to file a disability benefit application under paragraph (a) expires  
114.29 on July 1, 2013.

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

APPENDIX  
Article locations in S1808-2

ARTICLE 1	STATUTORY ACTUARIAL ASSUMPTION AND CONFORMING CHANGES .....	Page.Ln 2.9
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