

A bill for an act

relating to retirement; various retirement plans; increasing certain contribution rates; suspending certain post-retirement adjustments; reducing certain postretirement adjustment increase rates; reducing interest rates on refunds; reducing deferred annuity augmentation rates; eliminating interest on reemployed annuitant earnings limitation deferred accounts; increasing certain vesting requirements; increasing certain early retirement reduction rates; reducing certain benefit accrual rates; extending certain amortization periods; making changes of an administrative nature for retirement plans administered by the Minnesota State Retirement Association; revising insurance withholding for certain retired public employees; authorizing state patrol plan service credit for leave procedures; addressing plan coverage errors and omitted contributions; revising unlawful discharge annuity repayment requirements; requiring employment unit accommodation of daily valuation of investment accounts; eliminating administrative fee maximum for the unclassified state employees retirement program; making changes of an administrative nature in the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, and the defined contribution retirement plan; making various administrative modifications in the voluntary statewide lump-sum volunteer firefighter retirement plan of the Public Employees Retirement Association; revising purchase of salary credit procedures in certain partial salary situations; adding new partial salary credit purchase authority for partial paid medical leaves and budgetary leaves; redefining TRA allowable service credit; defining annual base salary; requiring base salary reporting by TRA-covered employing units; making changes of an administrative nature in the Minnesota State Colleges and Universities System individual retirement account plan; setting deadline dates for actuarial reporting; extending and revising an early retirement incentive program; permitting the court-ordered revocation of an optional annuity election in certain marriage dissolutions; transfer of the administrative functions of the Minneapolis Employees Retirement Fund to the Public Employees Retirement Association; creation of MERF consolidation account within the Public Employees Retirement Association; making various technical corrections relating to volunteer fire relief associations; revising break-in-service return to firefighting authorizations; authorizing Minnesota deferred compensation plan service pension transfers; revising payout defaults in survivor benefits; authorizing corrections of certain special fund deposits; requiring a retirement fund investment authority study; authorizing certain bylaw amendments; making technical changes; appropriating money; amending Minnesota Statutes 2008, sections 3A.02, subdivision 4; 3A.07; 11A.04;

2.1 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision 9; 43A.316,
2.2 subdivision 8; 69.021, subdivision 10; 69.051, subdivision 3; 126C.41,
2.3 subdivision 3; 256D.21; 352.01, subdivision 2a; 352.03, subdivision 4; 352.04,
2.4 subdivision 9; 352.113, subdivision 1; 352.115, subdivisions 1, 10; 352.12,
2.5 subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1, 2; 352.91, by
2.6 adding a subdivision; 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1;
2.7 352.965, subdivisions 1, 2, 6; 352B.02, as amended; 352B.08, subdivisions
2.8 1, 2a; 352B.11, subdivision 2b; 352B.30, subdivisions 1, 2; 352D.015,
2.9 subdivisions 4, 9, by adding a subdivision; 352D.02, subdivisions 1, 1c, 2, 3;
2.10 352D.03; 352D.04, subdivisions 1, 2; 352D.05, subdivisions 3, 4; 352D.06,
2.11 subdivision 3; 352D.065, subdivision 3; 352D.09, subdivisions 3, 7; 352F.07;
2.12 353.01, subdivisions 2b, 2d, by adding subdivisions; 353.0161, subdivision 2;
2.13 353.03, subdivision 1; 353.05; 353.27, as amended; 353.29, subdivision 1;
2.14 353.30, subdivision 1c; 353.32, subdivisions 1, 1a; 353.34, subdivisions 1, 2,
2.15 3, 6; 353.37, subdivisions 1, 2, 3, 3a, 4, 5; 353.46, subdivisions 2, 6; 353.64,
2.16 subdivision 7; 353.651, subdivisions 1, 4; 353.657, subdivisions 1, 2a; 353.71,
2.17 subdivisions 1, 2, 4; 353.86, subdivisions 1, 2; 353.87, subdivisions 1, 2; 353.88;
2.18 353D.01, subdivision 2; 353D.03, subdivision 1; 353D.04, subdivisions 1, 2;
2.19 353E.04, subdivisions 1, 4; 353E.07, subdivisions 1, 2; 353F.025, subdivisions
2.20 1, 2; 353F.03; 354.05, by adding a subdivision; 354.07, subdivision 5; 354.091;
2.21 354.42, subdivisions 3, 7, by adding subdivisions; 354.52, subdivision 6, by
2.22 adding a subdivision; 354.66, subdivision 3; 354.71; 354A.011, subdivision 27;
2.23 354A.12, subdivisions 1, 3c, by adding a subdivision; 354A.27, subdivisions 5,
2.24 6, by adding a subdivision; 354A.31, subdivision 1; 354A.35, subdivision 1;
2.25 354A.37, subdivisions 2, 3, 4; 354A.39; 354B.25, subdivisions 1, 3; 354C.14;
2.26 355.095, subdivision 1; 356.214, subdivision 1; 356.215, subdivisions 3, 8;
2.27 356.216; 356.24, subdivision 1; 356.30, subdivisions 1, 3; 356.302, subdivisions
2.28 1, 3, 4, 5, 7; 356.303, subdivisions 2, 4; 356.315, subdivision 5; 356.351,
2.29 subdivision 1; 356.407, subdivision 2; 356.431, subdivision 1; 356.465,
2.30 subdivision 3; 356.47, subdivision 3; 356.50, subdivision 4; 356.64; 356.65,
2.31 subdivision 2; 356.91; 356.96, subdivisions 2, 3, 7, 8; 356A.06, subdivision 8;
2.32 422A.101, subdivision 3; 422A.26; 473.511, subdivision 3; 473.606, subdivision
2.33 5; 475.52, subdivision 6; 490.123, by adding a subdivision; 518.58, subdivisions
2.34 3, 4; Minnesota Statutes 2009 Supplement, sections 6.67; 69.011, subdivision
2.35 1; 69.031, subdivision 5; 69.772, subdivision 6; 69.773, subdivision 6; 352.01,
2.36 subdivision 2b; 352.75, subdivision 4; 352.95, subdivision 2; 352B.011,
2.37 subdivision 3; 353.01, subdivisions 2, 2a, 16; 353.06; 353.27, subdivisions
2.38 2, 3, 7; 353.33, subdivision 1; 353.371, subdivision 4; 353.65, subdivisions
2.39 2, 3; 353F.02, subdivision 4; 353G.05, subdivision 2; 353G.06, subdivision
2.40 1; 353G.08; 353G.09, subdivision 3; 353G.11, subdivision 1, by adding a
2.41 subdivision; 354.42, subdivision 2; 354.47, subdivision 1; 354.49, subdivision
2.42 2; 354.52, subdivision 4b; 354.55, subdivision 11; 354A.12, subdivision 2a;
2.43 356.20, subdivision 2; 356.215, subdivision 11; 356.32, subdivision 2; 356.351,
2.44 subdivision 2; 356.401, subdivision 3; 356.415, subdivisions 1, 2, by adding
2.45 subdivisions; 356.96, subdivisions 1, 5; 423A.02, subdivision 3; 424A.01,
2.46 subdivisions 1, 6; 424A.015, by adding a subdivision; 424A.016, subdivisions 4,
2.47 7; 424A.02, subdivisions 9, 10; 424A.05, subdivision 3, by adding a subdivision;
2.48 424A.08; 480.181, subdivision 2; Laws 2006, chapter 271, article 3, section 43,
2.49 as amended; Laws 2009, chapter 169, article 4, section 49; article 5, section 2;
2.50 article 7, section 4; proposing coding for new law in Minnesota Statutes, chapters
2.51 352; 352B; 353; 353G; 356; repealing Minnesota Statutes 2008, sections 13.63,
2.52 subdivision 1; 69.011, subdivision 2a; 352.91, subdivision 5; 353.01, subdivision
2.53 40; 353.46, subdivision 1a; 353.88; 353D.03, subdivision 2; 353D.12; 354A.27,
2.54 subdivision 1; 354C.15; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9,
2.55 10, 11, 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1,
2.56 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1, 2, 3, 5, 6, 7; 422A.08,
2.57 subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2, 2a; 422A.11;
2.58 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151; 422A.155;

422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, 12; 422A.231; 422A.24; 422A.25; Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; 422A.08, subdivision 5; 424A.001, subdivision 6; Laws 2009, chapter 169, article 10, section 32.

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

ARTICLE 1

FINANCIAL SUSTAINABILITY PROVISIONS

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

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

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

(1) five percent until January 1, 1981;

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

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

(4) two percent after December 31, 2011.

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

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

Subdivision 1. **Age and service requirements.** (a) An employee covered by the system, who is less than normal retirement age and who becomes totally and permanently disabled after three or more years of allowable service if employed before July 1, 2010, or after five or more years of allowable service if employed after June 30, 2010, is entitled to a disability benefit in an amount provided in subdivision 3.

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

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

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

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

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

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

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

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

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

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early

retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

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

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

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

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

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

The person is entitled to a retirement annuity in an amount equal to the normal old age retirement allowance calculated under the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977, subject to an early retirement reduction or adjustment in

amount on account of retirement before the normal retirement age specified in that former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document.

The deferred retirement annuity of any person to whom this subdivision applies must be augmented. The required reserves applicable to the deferred retirement annuity, determined as of the date the allowance begins to accrue using an appropriate mortality table and an interest assumption of five percent, must be augmented by interest at the rate of five percent per year compounded annually from January 1, 1978, to January 1, 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the date that the annuity begins to accrue or June 30, 2011, whichever is earlier, and two percent after June 30, 2011, to the first day of the month in which the annuity begins to accrue. After the commencement of the retirement annuity, the annuity is eligible for postretirement adjustments under section 356.415. On applying for a retirement annuity under this subdivision, the person is entitled to elect a joint and survivor optional annuity under section 352.116, subdivision 3.

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

Sec. 10. Minnesota Statutes 2008, section 352.93, subdivision 1, is amended to read:

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section 352.91 who has reached age 55 years and has credit for at least three years of covered correctional service or a combination of covered correctional service and general state employees ~~state~~ retirement plan allowable service if first employed as a state employee before July 1, 2010, or has credit for at least ten years of covered correctional service or a combination of covered correctional service and general state employees retirement plan allowable service if first employed as a state employee after June 30, 2010, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

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

Sec. 11. Minnesota Statutes 2008, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at least 50 years old and who has at least three years of allowable service if first employed as a correctional state employee before July 1, 2010, or has credit for at least ten years

of allowable service if first employed as a correctional state employee after June 30, 2010, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by two-tenths of one percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee before July 1, 2010, and if retired before July 1, 2015, or reduced by 0.417 percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee after June 30, 2010, or if first employed as a correctional state employee before July 1, 2010, and if retired after June 30, 2015.

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

Sec. 12. Minnesota Statutes 2008, section 352.93, subdivision 3a, is amended to read:

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

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

Sec. 13. Minnesota Statutes 2008, section 352.931, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at least age 50, has credit for at least three years of allowable service if first employed as a correctional state employee before July 1, 2010, or has credit for at least ten years of allowable service if first employed as a correctional state employee after June 30, 2010, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for life equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death. The election may be made at any time after the date of death of the employee. The surviving spouse benefit begins to accrue as of the first of the month next following the date on which the application for the benefit was filed.

(b) If the employee was under age 50, dies, and had credit for at least three years of allowable service ~~credit~~ on the date of death if first employed as a correctional state employee before July 1, 2010, or had credit for at least ten years of allowable service on the date of death if first employed as a correctional state employee after June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits under this paragraph may apply for the annuity at any time after the employee's death. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

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

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

Sec. 14. Minnesota Statutes 2009 Supplement, section 352.95, subdivision 2, is amended to read:

Subd. 2. **Regular disability; computation of benefit.** A covered correctional employee who was hired before July 1, 2009, after rendering at least one year of covered correctional service, or a covered correctional employee who was first hired after June 30, 2009, after rendering at least three years of covered correctional plan service if first employed as a correctional state employee before July 1, 2010, or after rendering at least ten years of covered correctional plan service if first employed as a correctional state employee after June 30, 2010, and who is determined to have a regular disability, physical or psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular disability benefit. The regular disability benefit must be based on covered correctional service only. The regular disability benefit must be computed as provided in section 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional employee who was first hired before July 1, 2009, and who is determined to have a regular disability, physical or psychological, under this subdivision must be computed as though the employee had at least 15 years of covered correctional service.

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

Sec. 15. Minnesota Statutes 2008, section 352B.02, as amended by Laws 2009, chapter 101, article 2, section 109; and Laws 2009, chapter 169, article 1, section 23; article 2, section 16; and article 4, sections 3 and 4, is amended to read:

352B.02 STATE PATROL RETIREMENT FUND.

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

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

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| <u>(1) before the first day of the first pay</u> | |
| <u>period beginning after July 1, 2011</u> | <u>10.40 percent</u> |
| <u>(2) on or after the first day of the first</u> | |
| <u>pay period beginning after July 1, 2011</u> | <u>12.40 percent</u> |

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

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

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

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|---|----------------------|
| <u>(1) before the first day of the first pay</u> | |
| <u>period beginning after July 1, 2011</u> | <u>15.60 percent</u> |
| <u>(2) on or after the first day of the first</u> | |
| <u>pay period beginning after July 1, 2011</u> | <u>18.60 percent</u> |

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

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

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

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

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

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

Sec. 16. Minnesota Statutes 2008, section 352B.08, subdivision 1, is amended to read:

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

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

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

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

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

Sec. 17. Minnesota Statutes 2008, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and who has at least three years of allowable service if first employed before July 1, 2010, or who has at least five years of allowable service if first employed after June 30, 2010, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement if first employed before July 1, 2010, or reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement if first employed after June 30, 2010.

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

Sec. 18. Minnesota Statutes 2008, section 352B.11, subdivision 2b, is amended to read:

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

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

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

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

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

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

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

Sec. 19. Minnesota Statutes 2008, section 352B.30, subdivision 1, is amended to read:

Subdivision 1. **Entitlement to annuity.** Any person who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund, or any other public employee retirement system in Minnesota having a like provision but excluding all other funds providing benefits for police or firefighters is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two

of these funds totals ~~three or more~~ the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person. No part of the allowable service upon which the retirement annuity from one fund is based may again be used in the computation for benefits from another fund. The member must not have taken a refund from any one of these funds since service entitling the member to coverage under the system or membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate law except that the requirement that a person must have at least ~~three~~ a specific number of years allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals ~~three or more~~ the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person.

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

Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:

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

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

Sec. 21. Minnesota Statutes 2008, section 352F.07, is amended to read:

352F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 352 to the contrary, terminated hospital employees may receive a refund of employee accumulated contributions plus interest

~~at the rate of six percent per year compounded annually in accordance with Minnesota Statutes 1994, section 352.22, subdivision 2, at any time after the transfer of employment to Fairview, University of Minnesota Physicians, or University Affiliated Family Physicians. If a terminated hospital employee has received a refund from a pension plan enumerated in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with section 356.30, subdivision 2.~~

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

Sec. 22. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision to read:

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

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

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

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

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

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

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

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

- 17.1 (v) 90 percent after nine years; and
- 17.2 (vi) 100 percent after ten years.

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

17.4 Sec. 23. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is
17.5 amended to read:

17.6 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
17.7 contribution is 9.10 percent of salary. For a coordinated member, the employee
17.8 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
17.9 adjustment under subdivision 3b:

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

17.12 (b) These contributions must be made by deduction from salary as defined in section
17.13 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
17.14 member's salary is paid from other than public funds, the member's employee contribution
17.15 must be based on the total salary received by the member from all sources.

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

17.17 Sec. 24. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is
17.18 amended to read:

17.19 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
17.20 contribution is 9.10 percent of salary. For a coordinated member, the employer
17.21 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
17.22 adjustment under subdivision 3b:

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

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

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

17.28 Sec. 25. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

17.29 Subd. 3b. **Change in employee and employer contributions in certain instances.**
17.30 (a) For purposes of this section:

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

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

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

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

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

~~(c) The contribution rate increase or decrease must be determined by the executive director of the Public Employees Retirement Association, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement~~

~~on or before the next February 1, and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency has existed for two consecutive fiscal years based on the most recent actuarial valuations under section 356.215. If the actuarially required contribution exceeds or is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than 0.5 one percent of covered payroll, the coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be adjusted decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.~~

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

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

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

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

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

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

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

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

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

Sec. 26. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

Subdivision 1. **Age and allowable service requirements.** Upon termination of membership, a person who has attained normal retirement age and who ~~received credit for not less than three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity. The retirement annuity is known as the "normal" retirement annuity.

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

Sec. 27. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of public service, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least

55 years old but not normal retirement age, and ~~has received credit for at least three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement.

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

Sec. 28. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

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

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

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

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who ~~has credit for not less than three years of allowable service~~ is vested under section 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,

except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

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

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

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

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

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

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

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as

23.1 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
23.2 specified in paragraph (c), if paragraph (c) is the applicable provision.

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

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

23.7 Sec. 30. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is
23.8 amended to read:

23.9 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or
23.10 basic member who ~~has at least three years of allowable service~~ is vested under section
23.11 353.01, subdivision 47, and who becomes totally and permanently disabled before normal
23.12 retirement age, upon application as defined under section 353.031, is entitled to a disability
23.13 benefit in an amount determined under subdivision 3.

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

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

23.18 Sec. 31. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

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

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

23.27 (c) An individual who terminates public service covered by the Public Employees
23.28 Retirement Association general employees retirement plan, the Public Employees
23.29 Retirement Association police and fire retirement plan, or the public employees local
23.30 government ~~corrections~~ correctional service retirement plan, and who is employed by a
23.31 different employer and who becomes an active member covered by one of the other two
23.32 plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound

24.1 interest ~~compounded annually~~ from the plan from which the member terminated service at
24.2 the applicable rate specified in subdivision 2.

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

24.4 Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

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

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

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

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

24.18 Sec. 33. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

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

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

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

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

25.2 Sec. 34. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is
25.3 amended to read:

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

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

25.11 Sec. 35. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is
25.12 amended to read:

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

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

25.18 Sec. 36. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

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

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

25.25 Sec. 37. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

25.26 Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan
25.27 member after June 30, 2007, or a former member who is reinstated as a member of the
25.28 plan after that date, who is at least 50 years of age ~~with at least three years of allowable~~
25.29 ~~service~~ and who is vested under section 353.01, subdivision 47, upon the termination of
25.30 public service is entitled upon application to a retirement annuity equal to the normal

annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

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

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

Sec. 38. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

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

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

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

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

Sec. 39. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and ~~has credit for not less than three years allowable service~~ either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of

beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

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

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

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

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

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

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

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

Sec. 40. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a

retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a ~~fund~~ retirement plan providing benefits for police officers or firefighters governed by sections 69.77 or 69.771 to 69.776, ~~shall be~~ is entitled, when qualified, to an annuity from each ~~fund~~ retirement plan if the total allowable service in all ~~funds~~ retirement plans or in any two of these ~~funds~~ retirement plans totals ~~three or more years~~ the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one ~~fund~~ retirement plan is based is again used in the computation for benefits from another ~~fund~~ retirement plan and provided further that the person has not taken a refund from any one of these ~~funds~~ retirement plans since the person's membership in that association or system last terminated. The annuity from each fund ~~shall~~ must be determined by the appropriate provisions of the law except that the requirement that a person must have at least ~~three years~~ a specific minimum period of allowable service in the respective association or system ~~shall~~ does not apply for the purposes of this section provided if the combined service in two or more of these ~~funds~~ retirement plans equals ~~three or more~~ the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

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

Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

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

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

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

(2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until the earlier of December 31, 2011, or after the date of the termination of public service or

the termination of membership, whichever is later, until January 1 of the year following the year in which the former member attains age 55 ~~and;~~

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

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

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

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

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

~~(b)~~ (f) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

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

Sec. 42. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

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

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

Sec. 43. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

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

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

Sec. 44. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

Subdivision 1. **Member at least age 50.** If a member or former member of the local government correctional service retirement plan who has attained the age of at least 50 years and ~~has credit for not less than three years of allowable service~~ who is vested under section 353.01, subdivision 47, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in section 353.32, subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor annuity for which the member could have qualified had the member terminated service on the date of death.

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

Sec. 45. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had credit for not less than three years of allowable service~~ was vested under section 353.01,

subdivision 47, on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and the surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and one-half the early retirement reduction from age 50 to the age payment begins. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

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

Sec. 46. Minnesota Statutes 2008, section 353F.03, is amended to read:

353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.

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

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

Sec. 47. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

Sec. 48. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

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

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

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

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

<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>

33.1	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
33.2	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
33.3	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
33.4	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

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

33.8 (d) After June 30, 2015, if a contribution rate revision is made under subdivisions
33.9 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted
33.10 accordingly.

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

33.12 Sec. 49. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
33.13 to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the retirement plan, that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

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

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

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

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

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

Sec. 53. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is amended to read:

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

(b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, then

the designated beneficiary is entitled to ~~an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest compounded annually.~~ a refund equal to the accumulated deductions credited to the member's account plus interest compounded annually until the member's date of death using the following interest rates:

(1) before July 1, 1957, no interest accrues;

(2) July 1, 1957, to June 30, 2011, six percent; and

(3) after June 30, 2011, four percent.

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

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

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

Sec. 54. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is amended to read:

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

(1) before July 1, 1957, no interest accrues;

(2) July 1, 1957, to June 30, 2011, six percent; and

(3) after June 30, 2011, four percent.

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

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

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

Sec. 55. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 56. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

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

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	5.5 percent
<u>before July 1, 2011</u>	<u>5.5 percent</u>

39.1	<u>effective July 1, 2011</u>	<u>6.0 percent</u>
39.2	<u>effective July 1, 2012</u>	<u>6.5 percent</u>
39.3	St. Paul Teachers Retirement Fund Association	
39.4	basic program <u>before July 1, 2010</u>	8 percent
39.5	<u>basic program after June 30, 2010</u>	<u>8.5 percent</u>
39.6	<u>basic program after June 30, 2011</u>	<u>9.0 percent</u>
39.7	coordinated program <u>before July 1, 2010</u>	5.5 percent
39.8	<u>coordinated program after June 30, 2010</u>	<u>6.0 percent</u>
39.9	<u>coordinated program after June 30, 2011</u>	<u>6.5 percent</u>

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

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

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

39.16 Sec. 57. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a,
39.17 is amended to read:

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

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

39.25	Duluth Teachers Retirement Fund Association	4.50 percent
39.26	<u>before July 1, 2011</u>	<u>5.79 percent</u>
39.27	<u>effective July 1, 2011</u>	<u>6.29 percent</u>
39.28	<u>effective July 1, 2012</u>	<u>6.79 percent</u>
39.29	St. Paul Teachers Retirement Fund Association	
39.30	<u>before July 1, 2010</u>	4.50 percent
39.31	<u>after June 30, 2010</u>	<u>5.0 percent</u>
39.32	<u>after June 30, 2011</u>	<u>5.5 percent</u>
39.33	<u>after June 30, 2013</u>	<u>6.5 percent</u>

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

40.1	<u>before July 1, 2010</u>	<u>8.0 percent of the salary of the basic member</u>
40.2	<u>before July 1, 2011</u>	<u>8.5 percent of the salary of the basic member</u>
40.3	<u>before July 1, 2012</u>	<u>9.0 percent of the salary of the basic member</u>
40.4	<u>before July 1, 2013</u>	<u>9.5 percent of the salary of the basic member</u>
40.5	<u>before July 1, 2014</u>	<u>10.0 percent of the salary of the basic member</u>

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

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

40.13	Duluth Teachers Retirement	
40.14	Fund Association	1.29 percent
40.15	St. Paul Teachers Retirement	
40.16	Fund Association	3.84 percent

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

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

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

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

40.27 Sec. 58. Minnesota Statutes 2008, section 354A.12, subdivision 3c, is amended to read:

40.28 Subd. 3c. **Termination of supplemental contributions and direct matching**
40.29 **and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers
40.30 Retirement Fund Association by Special School District No. 1 and the city of Minneapolis
40.31 under section 423A.02, subdivision 3, must be paid to the Teachers Retirement
40.32 Association and must continue until the current assets of the fund equal or exceed the
40.33 actuarial accrued liability of the fund as determined in the most recent actuarial report
40.34 for the fund by the actuary retained under section 356.214, or 2037, whichever occurs
40.35 earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund
40.36 Association by Independent School District No. 625 under section 423A.02, subdivision

3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association ~~terminate at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained under section 356.214, equals or exceeds the accrued liability funding ratio for the Teachers Retirement Association, as determined in the most recent actuarial report for the Teachers Retirement Association by the actuary retained under section 356.214.~~ must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.

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

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

Sec. 59. Minnesota Statutes 2008, section 354A.27, subdivision 5, is amended to read:

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

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

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

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

Sec. 60. Minnesota Statutes 2008, section 354A.27, subdivision 6, is amended to read:

Subd. 6. ~~Additional increase~~ **Calculation of postretirement adjustments;**
transitional provision. ~~(a) In addition to the postretirement increases granted under subdivision 5, an additional percentage increase must be computed and paid under this subdivision.~~

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

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

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

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

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

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

<u>Funding Ratio</u>	<u>Postretirement Increase</u>
<u>less than 80 percent</u>	<u>0 percent</u>
<u>at least 80 percent but less than 90 percent</u>	<u>1 percent</u>
<u>at least 90 percent</u>	<u>2 percent</u>

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

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

Sec. 61. Minnesota Statutes 2008, section 354A.27, is amended by adding a subdivision to read:

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

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

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

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

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

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

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

Sec. 62. Minnesota Statutes 2008, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teachers retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit or received credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity. Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association who has ceased to render teaching service for the

school district in which the teacher retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit if the member became an employee before July 1, 2010, or not less than five years of allowable service credit if the member became an employee after June 30, 2010, or received service credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity.

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

Sec. 63. Minnesota Statutes 2008, section 354A.35, subdivision 1, is amended to read:

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

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

Sec. 64. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:

Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity shall commence upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

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

(c) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

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

Sec. 65. Minnesota Statutes 2008, section 354A.37, subdivision 3, is amended to read:

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

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

Sec. 66. Minnesota Statutes 2008, section 354A.37, subdivision 4, is amended to read:

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

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

Sec. 67. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0

47.1	judges retirement plan	8.5	6.0
47.2	general public employees retirement plan	8.5	6.0
47.3	public employees police and fire retirement plan	8.5	6.0
47.4	local government correctional service retirement		
47.5	plan	8.5	6.0
47.6	teachers retirement plan	8.5	6.0
47.7	Minneapolis employees retirement plan	6.0	5.0
47.8	Duluth teachers retirement plan	8.5	8.5
47.9	St. Paul teachers retirement plan	8.5	8.5
47.10	Minneapolis Police Relief Association	6.0	6.0
47.11	Fairmont Police Relief Association	5.0	5.0
47.12	Minneapolis Fire Department Relief Association	6.0	6.0
47.13	Virginia Fire Department Relief Association	5.0	5.0
47.14	Bloomington Fire Department Relief Association	6.0	6.0
47.15	local monthly benefit volunteer firefighters relief		
47.16	associations	5.0	5.0

47.17 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
47.18 single rate future salary increase assumption, the applicable following modified single
47.19 rate future salary increase assumption, or the applicable following graded rate future
47.20 salary increase assumption:

47.21 (1) single rate future salary increase assumption

47.22		future salary
47.23	plan	increase assumption
47.24	legislators retirement plan	5.0%
47.25	judges retirement plan	4.0
47.26	Minneapolis Police Relief Association	4.0
47.27	Fairmont Police Relief Association	3.5
47.28	Minneapolis Fire Department Relief	
47.29	Association	4.0
47.30	Virginia Fire Department Relief Association	3.5
47.31	Bloomington Fire Department Relief	
47.32	Association	4.0

47.33 (2) modified single rate future salary increase assumption

47.34		future salary
47.35	plan	increase assumption
47.36	Minneapolis employees	the prior calendar year amount increased
47.37	retirement plan	first by 1.0198 percent to prior fiscal year
47.38		date and then increased by 4.0 percent
47.39		annually for each future year

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

48.1		future salary
48.2	plan	increase assumption
48.3	general state employees retirement plan	select calculation and
48.4		assumption A
48.5	correctional state employees retirement plan	assumption H <u>G</u>
48.6	State Patrol retirement plan	assumption G <u>F</u>
48.7	general public employees retirement plan	select calculation and
48.8		assumption B
48.9	public employees police and fire fund retirement plan	assumption E <u>B</u>
48.10	local government correctional service retirement plan	assumption G <u>F</u>
48.11	teachers retirement plan	assumption D <u>C</u>
48.12	Duluth teachers retirement plan	assumption E <u>D</u>
48.13	St. Paul teachers retirement plan	assumption F <u>E</u>
48.14	The select calculation is: during the	
48.15	designated select period, a designated	
48.16	percentage rate is multiplied by the result of	
48.17	the designated integer minus T, where T is the	
48.18	number of completed years of service, and is	
48.19	added to the applicable future salary increase	
48.20	assumption. The designated select period is	
48.21	five years and the designated integer is five	
48.22	for the general state employees retirement	
48.23	plan and the general public employees	
48.24	retirement plan . The designated select period	
48.25	is ten years and the designated integer is ten	
48.26	for all other retirement plans covered by	
48.27	this clause. The designated percentage rate	
48.28	is: (1) 0.2 percent for the correctional state	
48.29	employees retirement plan, the State Patrol	
48.30	retirement plan, the public employees police	
48.31	and fire plan, and the local government	
48.32	correctional service plan; (2) 0.6 percent	
48.33	for the general state employees retirement	
48.34	plan and the general public employees	
48.35	retirement plan ; and (3) 0.3 percent for the	
48.36	teachers retirement plan, the Duluth Teachers	
48.37	Retirement Fund Association, and the St.	
48.38	Paul Teachers Retirement Fund Association.	

49.1 The select calculation for the Duluth Teachers
49.2 Retirement Fund Association is 8.00 percent
49.3 per year for service years one through seven,
49.4 7.25 percent per year for service years seven
49.5 and eight, and 6.50 percent per year for
49.6 service years eight and nine.

49.7 The ultimate future salary increase assumption is:

49.8	age	A	B	<u>€ B</u>	Ɔ C	<u>£ D</u>	<u>₣ E</u>	<u>₧ F</u>	<u>₡ G</u>
49.9	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
49.10	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
49.11	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
49.12	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
49.13	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
49.14	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
49.15	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
49.16	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
49.17	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
49.18	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
49.19	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
49.20	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
49.21	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
49.22	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
49.23	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
49.24	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
49.25	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
49.26	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
49.27	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
49.28	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
49.29	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
49.30	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
49.31	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
49.32	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
49.33	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
49.34	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
49.35	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
49.36	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
49.37	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
49.38	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
49.39	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
49.40	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
49.41	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
49.42	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404

50.1	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
50.2	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
50.3	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
50.4	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
50.5	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
50.6	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
50.7	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
50.8	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
50.9	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
50.10	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
50.11	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
50.12	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
50.13	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
50.14	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
50.15	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
50.16	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.17	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.18	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.19	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.20	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.21	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
50.22	71	4.25	4.00		5.20				

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

50.24		<u>general employees retirement plan of the Public</u>
50.25	<u>service length</u>	<u>Employees Retirement Association</u>
50.26	<u>1</u>	<u>12.03%</u>
50.27	<u>2</u>	<u>8.90</u>
50.28	<u>3</u>	<u>7.46</u>
50.29	<u>4</u>	<u>6.58</u>
50.30	<u>5</u>	<u>5.97</u>
50.31	<u>6</u>	<u>5.52</u>
50.32	<u>7</u>	<u>5.16</u>
50.33	<u>8</u>	<u>4.87</u>
50.34	<u>9</u>	<u>4.63</u>
50.35	<u>10</u>	<u>4.42</u>
50.36	<u>11</u>	<u>4.24</u>
50.37	<u>12</u>	<u>4.08</u>
50.38	<u>13</u>	<u>3.94</u>
50.39	<u>14</u>	<u>3.82</u>
50.40	<u>15</u>	<u>3.70</u>
50.41	<u>16</u>	<u>3.60</u>
50.42	<u>17</u>	<u>3.51</u>
50.43	<u>18</u>	<u>3.50</u>

51.1	<u>19</u>	<u>3.50</u>
51.2	<u>20</u>	<u>3.50</u>
51.3	<u>21</u>	<u>3.50</u>
51.4	<u>22</u>	<u>3.50</u>
51.5	<u>23</u>	<u>3.50</u>
51.6	<u>24</u>	<u>3.50</u>
51.7	<u>25</u>	<u>3.50</u>
51.8	<u>26</u>	<u>3.50</u>
51.9	<u>27</u>	<u>3.50</u>
51.10	<u>28</u>	<u>3.50</u>
51.11	<u>29</u>	<u>3.50</u>
51.12	<u>30 or more</u>	<u>3.50</u>

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

51.17		payroll growth
51.18	plan	assumption
51.19	general state employees retirement plan	4.50%
51.20	correctional state employees retirement plan	4.50
51.21	State Patrol retirement plan	4.50
51.22	legislators retirement plan	4.50
51.23	judges retirement plan	4.00
51.24	general public employees retirement plan of the	
51.25	<u>Public Employees Retirement Association</u>	4.50 4.00
51.26	public employees police and fire retirement plan	4.50
51.27	local government correctional service retirement	
51.28	plan	4.50
51.29	teachers retirement plan	4.50
51.30	Duluth teachers retirement plan	4.50
51.31	St. Paul teachers retirement plan	5.00

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

- 51.34 (1) has been proposed by the governing board of the applicable retirement plan;
51.35 (2) is accompanied by the concurring recommendation of the actuary retained under
51.36 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
51.37 most recent actuarial valuation report if section 356.214 does not apply; and
51.38 (3) has been approved or deemed approved under subdivision 18.

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

Sec. 68. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 69. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

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

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated at the appropriate rate under

the laws governing each public pension plan or fund named in subdivision 3, based on the date of the person's initial entry into public employment from the date the person terminated all public service if:

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

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

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

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

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

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

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

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

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

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

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges retirement fund, and the State Patrol retirement plan, must not exceed the percent specified

in section 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges retirement fund must not exceed the percentage rate specified in section 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed the percentage rate specified in section 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c).

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

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

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

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

Sec. 70. Minnesota Statutes 2008, section 356.302, subdivision 3, is amended to read:

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

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

(2) has become totally and permanently disabled;

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

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

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

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

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

Sec. 71. Minnesota Statutes 2008, section 356.302, subdivision 4, is amended to read:

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

(1) has become occupationally disabled;

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

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

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

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

Sec. 72. Minnesota Statutes 2008, section 356.302, subdivision 5, is amended to read:

Subd. 5. **General and public safety plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement plan and general employee retirement plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered

retirement plan at the time of the commencement of the disability, that the person must have allowable service credit for the applicable retirement plan with the longest service credit eligibility requirement for the receipt of a disability benefit, and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

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

Sec. 73. Minnesota Statutes 2008, section 356.303, subdivision 2, is amended to read:

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

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

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

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

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

Sec. 74. Minnesota Statutes 2008, section 356.315, subdivision 5, is amended to read:

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

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

Sec. 75. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, or 1e, retirement annuity, disability

benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

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

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

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

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

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

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

Sec. 76. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1a. Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement plan, the general state employees retirement plan, the correctional state employees retirement plan, the elected state officers retirement plan, the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

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

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

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

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

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

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

Subd. 1b. Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government

61.1 correctional service retirement plan are entitled to a postretirement adjustment annually
61.2 on January 1, as follows:

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

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

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

61.18 (4) for each January 1 following restoration of funding stability for the applicable
61.19 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
61.20 a benefit for at least one full month, but less than 12 full months as of the current June
61.21 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
61.22 has been receiving an annuity or benefit must be applied.

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

61.28 (c) If, after applying the increase as provided for in paragraph (a), clauses (3)
61.29 and (4), the market value of the applicable retirement plan is determined in the next
61.30 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
61.31 of the actuarial accrued liability of any of the applicable Public Employees Retirement
61.32 Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be
61.33 applied as of the next successive January until funding stability is again restored.

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

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

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

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

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

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

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

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

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

(4) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding

63.1 June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index
63.2 for urban wage earners and clerical workers all items index published by the Bureau
63.3 of Labor Statistics of the United States Department of Labor between the immediate
63.4 preceding June 30 and the June 30 occurring 12 months previous for each full month of
63.5 annuity or benefit receipt, but not to exceed 1/12 of 1.5 percent for each full month of
63.6 annuity or benefit receipt;

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

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

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

63.30 (c) An increase in annuity or benefit payments under this section must be made
63.31 automatically unless written notice is filed by the annuitant or benefit recipient with the
63.32 executive director of the Public Employees Retirement Association requesting that the
63.33 increase not be made.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The increases provided by this subdivision commence on January 1, 2011. Increases under this subdivision for the State Patrol retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

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

66.1 executive director of the applicable covered retirement plan requesting that the increase
66.2 not be made.

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

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

66.6 Subd. 3. **Actuarial valuation reports until funding is stabilized.** Notwithstanding
66.7 any provision of section 356.215, subdivision 8, to the contrary, until the actuarial
66.8 valuations, prepared annually by the approved actuary under sections 356.214 and
66.9 356.215 and the standards for actuarial work promulgated by the Legislative Commission
66.10 on Pensions and Retirement, indicate that the market value of assets of the applicable
66.11 covered plans equals or exceeds 90 percent of the actuarial accrued liabilities, the actuarial
66.12 valuation reports must utilize a postretirement interest rate assumption that is equal to the
66.13 difference between the preretirement interest rate assumption provided in section 356.215,
66.14 subdivision 8, and the stated annual postretirement adjustment rate provided under this
66.15 section, as applicable to each covered plan.

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

66.17 Sec. 82. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

66.18 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
66.19 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
66.20 written application, the retired member is entitled to the payment, in a lump sum, of the
66.21 value of the person's amount under subdivision 2, plus annual compound interest at. For
66.22 the general state employees retirement plan, the correctional state employees retirement
66.23 plan, the general employees retirement plan of the Public Employees Retirement
66.24 Association, the public employees police and fire retirement plan, the local government
66.25 correctional employees retirement plan, and the teachers retirement plan, the annual
66.26 interest rate is six percent from the date on which the amount was deducted from the
66.27 retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and
66.28 no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association,
66.29 the annual interest is six percent from the date on which the amount was deducted from the
66.30 retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and
66.31 no interest after June 30, 2010. For the St. Paul Teachers Retirement Fund Association,
66.32 the annual interest is the compound annual rate of six percent from the date that the
66.33 amount was deducted from the retirement annuity to the date of payment.

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

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

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

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

Sec. 83. Minnesota Statutes 2009 Supplement, section 423A.02, subdivision 3, is amended to read:

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

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

68.1	Fiscal Year	Amount
68.2	1996	\$ 0
68.3	1997	\$ 0
68.4	1998	\$ 200,000
68.5	1999	\$ 400,000
68.6	2000	\$ 600,000
68.7	2001 and thereafter	\$ 800,000

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

68.11	Fiscal Year	City amount	School district
68.12			amount
68.13	1996	\$ 0	\$ 0
68.14	1997	\$ 0	\$ 0
68.15	1998	\$ 250,000	\$ 250,000
68.16	1999	\$ 400,000	\$ 400,000
68.17	2000	\$ 550,000	\$ 550,000
68.18	2001	\$ 700,000	\$ 700,000
68.19	2002	\$ 850,000	\$ 850,000
68.20	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

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

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

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

68.32 Sec. 84. **LOCAL RETIREMENT FUND INVESTMENT AUTHORITIES**
68.33 **STUDY.**

68.34 A study group consisting of representatives from pension plans subject to Minnesota
68.35 Statutes, section 356A.06, subdivision 6 or 7, shall be convened by the state auditor to
68.36 study investment-related provisions, authorities, and limitations under Minnesota Statutes,
68.37 chapter 356A, and related sections of other chapters. Administrative support for the

study group shall be provided by the state auditor. The study group shall prepare a report to include an assessment of the effectiveness of current statutory prescriptions, options for change, and recommendations for consideration by the governor and the legislature during the 2011 legislative session. The report will be provided no later than January 15, 2011, to the executive director of the Legislative Commission on Pensions and Retirement, the chair and ranking minority caucus member of the senate State and Local Government Operations and Oversight Committee, and the chair and ranking minority caucus member of the house State and Local Government Operations Reform, Technology and Elections Committee.

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

Sec. 85. **BYLAW AUTHORIZATION.**

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

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

Sec. 86. **REPEALER.**

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

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

ARTICLE 2

MSRS ADMINISTRATIVE PROVISIONS

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

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

(1) employees of the Minnesota Historical Society;

(2) employees of the State Horticultural Society;

(3) employees of the Minnesota Crop Improvement Association;

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

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

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

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

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

(9) employees of the Minnesota Safety Council;

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

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

(12) judges of the Tax Court;

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

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

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

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

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

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

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

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

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

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

(1) elect a chair;

(2) appoint an executive director;

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

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

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

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

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

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

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

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

(b) If a deduction for the retirement fund is taken from a salary warrant or check, and the check is canceled or the amount of the warrant or check returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies

for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The purpose of the plan is to provide a means for a public employee to contribute a portion of the employee's compensation to a tax-deferred investment account. The plan is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue

Code, United States Code, title 26, section 457(b), and the applicable regulations under Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

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

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

(e) The plan document ~~shall~~ must include provisions that are necessary to cause the plan to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code. The plan document may provide additional administrative and substantive provisions consistent with state law, provided that those provisions ~~will~~ do not cause the plan to fail to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code and may include provisions for certain optional features and services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in section 352B.02 at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year from the date the employee returned to work following the authorized leave, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

78.19 (b) If salary deductions and employer contributions were erroneously transmitted
78.20 to the retirement fund and should have been transmitted to ~~another Minnesota public~~
78.21 ~~pension~~ the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director
78.22 must transfer these salary deductions and employer contributions to the account of the
78.23 ~~appropriate public pension fund without interest. For purposes of this paragraph, a~~
78.24 ~~Minnesota public pension plan means a plan specified in section 356.30, subdivision 3,~~
78.25 ~~or the plan governed by chapter 354B.~~ person under the applicable plan. The transfer to
78.26 the applicable defined contribution plan account must include interest at the rate of 0.71
78.27 percent per month, compounded annually, from the first day of the month following the
78.28 month in which coverage should have commenced in the defined contribution plan until
78.29 the end of the month in which the transfer occurs.

78.30 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
78.31 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
78.32 must not be made by the executive director. Within 30 days after being notified by the
78.33 Teachers Retirement Association of an unmade potential transfer under this paragraph,
78.34 the employer of the affected person must transmit an amount representing the applicable

salary deductions and employer contributions, without interest, to the ~~retirement fund of the appropriate Minnesota public pension plan fund~~ account of the applicable person under the appropriate plan. The retirement association must provide a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) for employees other than personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit or in the individual employment contract between a city and a city manager, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

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

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

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

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under

chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

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

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

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

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

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

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

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

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

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

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

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

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

CORRECTION OF PLAN COVERAGE ERRORS

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

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

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

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

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

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

Subd. 2. **Treatment of terminated employee coverage error.** Any person who terminated the erroneously covered service before a chief administrative officer

determined the covered pension plan coverage was in error retains the coverage with the plan that originally credited the service.

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

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

Subd. 5. Past service transfer procedure. (a) For cases under subdivision 4 requiring correction of prior service coverage, on behalf of the applicable member the chief administrative officer of the covered pension plan fund that has received erroneous employee deductions and employer contributions must transfer to the appropriate covered retirement plan fund an amount which is the lesser of all contributions made by or on behalf of the member for the period of erroneous membership, or the specific amount requested by the chief administrative officer of the other covered pension plan which represents the employee deductions and employer contributions that would have been made had the member been properly reported.

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

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

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

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

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

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

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

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

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

Sec. 19. **REPEALER.**

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

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

ARTICLE 3

MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS

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

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

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

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

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

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

ARTICLE 4

MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT PROGRAM AMENDMENTS

Section 1. Minnesota Statutes 2008, section 3A.07, is amended to read:

3A.07 APPLICATION.

(a) Except as provided in paragraph (b) or (d), this chapter applies to members of the legislature in service after July 1, 1965, who otherwise meet the requirements of this chapter.

(b) Members of the legislature who were elected for the first time after June 30, 1997, or members of the legislature who were elected before July 1, 1997, and who, after

86.1 July 1, 1998, elect not to be members of the plan established by this chapter are covered
86.2 by the unclassified employees retirement program governed by chapter 352D.

86.3 (c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable
86.4 and must be made on a form prescribed by the director. The second chance referendum
86.5 election under Laws 2002, chapter 392, article 15, also is irrevocable.

86.6 (d) Members of the legislature who are covered by the retirement plan governed by
86.7 this chapter on July 1, 2010, may, on or before the end of the member's seventh year of
86.8 legislative service or January 1, 2011, whichever is later, elect to have future retirement
86.9 coverage by either the general state employees retirement plan governed by chapter 352
86.10 or the unclassified state employees retirement program governed by chapter 352D. The
86.11 election must be made on a form prescribed by the director and is irrevocable.

86.12 Sec. 2. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
86.13 amended to read:

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

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

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

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

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

86.28 (5) election officers;

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

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

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

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

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

87.9 (11) employees of the Sibley House Association;

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

87.15 (13) state troopers and persons who are described in section 352B.011, subdivision
87.16 10, clauses (2) to (8);

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

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

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

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

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

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

87.35 (20) state employees who in any year have credit for 12 months service as teachers
87.36 in the public schools of the state and as teachers are members of the Teachers Retirement

88.1 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
88.2 incidental employment as a state employee that is not covered by one of the teacher
88.3 retirement associations or systems;

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

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

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

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

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

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

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

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

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

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

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

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

88.35 (33) foreign citizens ~~with~~ who are employed under a work permit of less than three
88.36 years, or an H-1b/JV visa valid for less than three years of employment, unless notice of

89.1 extension is supplied which allows them to work for three or more years as of the date
89.2 that the extension is granted, in which case they are eligible for coverage from the date
89.3 extended; ~~and~~

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

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

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

89.11 Sec. 3. Minnesota Statutes 2008, section 352D.015, subdivision 4, is amended to read:

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

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

89.15 Sec. 4. Minnesota Statutes 2008, section 352D.015, is amended by adding a
89.16 subdivision to read:

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

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

89.20 Sec. 5. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

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

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

89.26 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 1, is amended to read:

89.27 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (b), clause
89.28 (1), are participants in the unclassified program under this chapter. Persons referenced
89.29 in paragraph (b), clause (15), are participants in the unclassified program under this
89.30 chapter for judicial employment in excess of the service credit limit in section 490.121,

subdivision 22. Employees enumerated in paragraph (c), clauses (2), (3), (4), (6) to (14), and (16) to (18), clauses (2) to (14) and (16) to (18), if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified program.

~~(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.~~

~~(c)~~ (b) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;

(2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General;

(3) an employee of the State Board of Investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) a full-time unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

91.1 (8) the regional administrator, or executive director of the Metropolitan Council,
91.2 general counsel, division directors, operations managers, and other positions as designated
91.3 by the council, all of which may not exceed 27 positions at the council and the chair;

91.4 (9) the executive director, associate executive director, and not to exceed nine
91.5 positions of the Minnesota Office of Higher Education in the unclassified service, as
91.6 designated by the Minnesota Office of Higher Education before January 1, 1992, or
91.7 subsequently redesignated with the approval of the board of directors of the Minnesota
91.8 State Retirement System, unless the person has elected coverage by the individual
91.9 retirement account plan under chapter 354B;

91.10 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
91.11 Constitution of the state of Minnesota, the state court administrator and judicial district
91.12 administrators;

91.13 (11) the chief executive officers of correctional facilities operated by the Department
91.14 of Corrections and of hospitals and nursing homes operated by the Department of Human
91.15 Services;

91.16 (12) an employee whose principal employment is at the state ceremonial house;

91.17 (13) an employee of the Agricultural Utilization Research Institute;

91.18 (14) an employee of the State Lottery who is covered by the managerial plan
91.19 established under section 43A.18, subdivision 3;

91.20 (15) a judge who has exceeded the service credit limit in section 490.121,
91.21 subdivision 22;

91.22 (16) an employee of Enterprise Minnesota, Inc.;

91.23 (17) a person employed by the Minnesota State Colleges and Universities as faculty
91.24 or in an eligible unclassified administrative position as defined in section 354B.20,
91.25 subdivision 6, who was employed by the former state university or the former community
91.26 college system before May 1, 1995, and elected unclassified program coverage prior to
91.27 May 1, 1995; and

91.28 (18) a person employed by the Minnesota State Colleges and Universities who
91.29 was employed in state service before July 1, 1995, who subsequently is employed in an
91.30 eligible unclassified administrative position as defined in section 354B.20, subdivision
91.31 6, and who elects coverage by the unclassified program.

91.32 Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

91.33 Subd. 1c. **Transfer of contributions.** An employee covered by the ~~regular~~ general
91.34 employees retirement plan who is subsequently employed as a full-time unclassified
91.35 employee of the legislature or any commission or agency of the legislature without a

92.1 limit on the duration of the employment may elect to transfer accumulated employee and
92.2 matching employer contributions; as provided in section 352D.03.

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

92.4 Sec. 8. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

92.5 Subd. 2. **Coverage upon employment change.** A person becoming a participant
92.6 in the unclassified program prior to July 1, 2010, by virtue of employment in a position
92.7 specified in subdivision 1, clause (4), and remaining in the unclassified service shall
92.8 remain a participant in the program even though the position the person occupies is
92.9 deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent
92.10 amendment, except that a person ~~shall~~ is not be eligible to elect the unclassified program
92.11 after separation from unclassified service if on the return of the person to service, that
92.12 position is not specified in subdivision 1, clause (4). Any person employed in a position
92.13 specified in subdivision 1 shall cease to participate in the unclassified program in the event
92.14 that the position is placed in the classified service.

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

92.16 Sec. 9. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

92.17 Subd. 3. **Transfer to general employees retirement plan.** (a) An employee
92.18 referred to in subdivision 1, paragraph (b), clauses (2) to (4), (6) to (14), and (16) to
92.19 (18), who is credited with employee shares in the unclassified program, ~~after acquiring~~
92.20 and who has credit for ~~ten years of~~ allowable service and, not later than one month
92.21 following the termination of covered employment, may elect to terminate participation
92.22 in the unclassified program and be covered by the general employees retirement plan by
92.23 filing a written election with the executive director: ~~if the employee was employed before~~
92.24 July 1, 2010, and has at least ten years of allowable service as of the date of the election or
92.25 if the employee was employed after June 30, 2010, and has no more than seven years of
92.26 allowable service as of the date of the election.

92.27 (b) A person referred to in subdivision 1, paragraph (b), clause (5), who is credited
92.28 with employee shares in the unclassified program, and who has credit for allowable
92.29 service, prior to the termination of service, may elect to terminate participation in the
92.30 unclassified program and be covered by the general employees retirement plan by filing
92.31 a written election with the executive director if the person first became covered by the
92.32 unclassified program after June 30, 2010, and has no more than seven years of allowable

service or if the person first became covered by the unclassified program before July 1, 2010, and makes the election to transfer on or before January 1, 2011.

(c) If the transfer election is made, the executive director shall then redeem the employee's total shares and shall credit to the employee's account in the general employees retirement plan the amount of contributions that would have been so credited had the employee been covered by the general employees retirement plan during the employee's entire covered employment or elective state service. The balance of money so redeemed and not credited to the employee's account ~~shall~~ must be transferred to the general employees retirement plan retirement fund, except that (1) the employee contribution paid to the unclassified program must be compared to (2) the employee contributions that would have been paid to the general employees retirement plan for the comparable period, if the individual had been covered by that plan. If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general employees retirement plan coverage or before the effective date of the annuity, whichever is sooner.

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

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

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

Sec. 10. Minnesota Statutes 2008, section 352D.03, is amended to read:

352D.03 TRANSFER OF ASSETS.

Unless an eligible employee enumerated in section 352D.02, subdivision 1, has elected coverage under the individual retirement account plan under chapter 354B, ~~a sum of money representing the assets credited to each employee exercising the option contained in section 352D.02, plus an equal employer contribution together with interest for an employee exercising an option under section 352D.02, an amount equal to the employee and employer contributions for the employment period at the applicable preretirement interest actuarial assumption rate during this period plus six percent interest,~~ compounded annually, must be used for the purchase of shares on behalf of each employee in the accounts of the supplemental retirement fund established by section 11A.17.

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

94.2 Sec. 11. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

94.3 Subdivision 1. **Investment options.** (a) A person exercising an option to participate
94.4 in the retirement program provided by this chapter may elect to purchase shares in one or
94.5 a combination of the income share account, the growth share account, the international
94.6 share account, the money market account, the bond market account, the fixed interest
94.7 account, or the common stock index account established in section 11A.17. The person
94.8 may elect to participate in one or more of the investment accounts in the fund by
94.9 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the
94.10 percentage of the person's contributions provided in subdivision 2 to be used to purchase
94.11 shares in each of the accounts.

94.12 (b) A participant may ~~indicate in writing on forms provided,~~ in a manner prescribed
94.13 ~~by the Minnesota State Retirement System a choice of options~~ executive director, choose
94.14 their investment allocation for subsequent purchases of shares. Until a different written
94.15 indication is made by the participant, the executive director shall purchase shares in the
94.16 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent
94.17 income shares must be purchased for a participant. A change in choice of investment
94.18 option is effective ~~no later than the first pay date first occurring after 30 days following the~~
94.19 ~~receipt of the request for a change~~ at the end of the most recent United States investment
94.20 market day.

94.21 ~~(c) Shares in the fixed interest account attributable to any guaranteed investment~~
94.22 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~
94.23 ~~account until the guaranteed investment contract has expired, unless the participant~~
94.24 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~
94.25 ~~352D.06 to 352D.075.~~

94.26 ~~(d)~~ (c) A participant or former participant may also change the investment options
94.27 selected for all or a portion of the participant's shares previously purchased in accounts,
94.28 subject to the ~~provisions of paragraph (c) concerning the fixed interest account. Changes~~
94.29 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~
94.30 ~~an account practically permits, but not later than six months after the requested change~~
94.31 trading restrictions imposed on the investment option.

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

94.33 Sec. 12. Minnesota Statutes 2008, section 352D.04, subdivision 2, is amended to read:

Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to ~~four~~ the percent of salary specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

(c) The employer contribution is an amount equal to six percent of salary.

(d) For members of the legislature, the contributions under this subdivision also must be made on per diem payments received during a regular or special legislative session, but may not be made on per diem payments received outside of a regular or special legislative session, on the additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, or special session living expense payments under section 3.103.

(e) For a judge who is a member of the unclassified plan under section 352D.02, subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of salary, and there is no employer contribution.

(f) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

EFFECTIVE DATE. This section is effective the first day of the first full pay period beginning after July 1, 2010.

Sec. 13. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

Subd. 3. **Full or partial withdrawal.** After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the ~~month in which~~ most recent United States investment market day following receipt of the application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

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

Sec. 14. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay

the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent compounded annually from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum.

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

Sec. 15. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the first full month after an application is received or the day following termination of state service, whichever is later.~~ The account must be valued and redeemed on the ~~later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity~~ day following receipt of the application or the day following termination, whichever is later. The benefit must be based on the value of the account the day following receipt of the application or the date of termination, whichever is later, plus any contributions and interest received after that date.

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

Sec. 16. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

Subd. 3. **Annuity payment.** The annuity payable under this section ~~shall begin~~ begins to accrue the ~~first day of the month following the date of disability~~ receipt of the application or the day after termination, whichever is later, plus any contributions and interest received after that date, and shall must be based on the participant's age when the annuity begins to accrue. The shares ~~shall must~~ be valued as of the end of the ~~month following authorization of payments~~ day on which the benefit accrues.

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

Sec. 17. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

Subd. 3. **Prospectus.** (a) The executive director shall annually distribute make available by electronic means to each participant the prospectus prepared by the supplemental fund, by July 1 or when received from such fund, whichever is later, to ~~each participant in covered employment.~~

98.1 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~
98.2 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~
98.3 ~~eligibility. Eligible Public employees shall~~ whose salary exceeds \$425 in any month and
98.4 who are not specifically excluded under subdivision 2b or who have not been provided
98.5 an option to participate under subdivision 2d, whether individually or by action of the
98.6 governmental subdivision, must participate as members of the association with retirement
98.7 coverage by the public employees retirement plan or the public employees police and
98.8 fire retirement plan under this chapter, or the local government correctional employees
98.9 retirement plan under chapter 353E, whichever applies; Membership commences as a
98.10 condition of their employment on the first day of their employment unless they or on the
98.11 first day that the eligibility criteria are met, whichever is later. Public employees include
98.12 but are not limited to:
98.13 (1) are specifically excluded under subdivision 2b;
98.14 (2) do not exercise their option to elect retirement coverage in the association as
98.15 provided in subdivision 2d, paragraph (a); or
98.16 (3) are employees of the governmental subdivisions listed in subdivision 2d,
98.17 paragraph (b), where the governmental subdivision has not elected to participate as a
98.18 governmental subdivision covered by the association:
98.19 (1) persons whose salary meets the threshold in this paragraph from employment in
98.20 one or more positions within one governmental subdivision;
98.21 (2) elected county sheriffs;
98.22 (3) persons who are appointed, employed, or contracted to perform governmental
98.23 functions that by law or local ordinance are required of a public officer, including, but
98.24 not limited to:
98.25 (i) town and city clerk or treasurer;
98.26 (ii) county auditor, treasurer, or recorder;
98.27 (iii) city manager as defined in section 353.028 who does not exercise the option
98.28 provided under subdivision 2d; or
98.29 (iv) emergency management director, as provided under section 12.25;
98.30 (4) physicians under section 353D.01, subdivision 2, who do not elect public
98.31 employees defined contribution plan coverage under section 353D.02, subdivision 2;
98.32 (5) full-time employees of the Dakota County Agricultural Society; and
98.33 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
98.34 Police Relief Association who are not excluded employees under subdivision 2b due
98.35 to coverage by the relief association pension plan and who elected general employee
98.36 retirement plan coverage before August 20, 2009.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

~~(c) Public employees under paragraph (a) include:~~

~~(1) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;~~
~~(2) full-time employees of the Dakota County Agricultural Society; and~~
~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elect Public Employee Retirement Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

(c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.

EFFECTIVE DATE. This section is effective July 1, 2010, except that the amendment to paragraph (a), clause (3), applies to any person first appointed, elected, or contracted after June 30, 2010.

Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the public general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) persons whose salary from one governmental subdivision never exceeds \$425 in a month;

(2) public officers, other than county sheriffs, who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;

~~(2)~~ (3) election officers or election judges;

~~(3)~~ (4) patient and inmate personnel who perform services for a governmental subdivision;

100.1 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired
100.2 for a temporary position as defined under subdivision 12a, and employees who resign
100.3 from a nontemporary position and accept a temporary position within 30 days in the
100.4 same governmental subdivision;

100.5 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,
100.6 flood, storm, or similar disaster;

100.7 ~~(6)~~ (7) employees who by virtue of their employment in one governmental
100.8 subdivision are required by law to be a member of and to contribute to any of the plans or
100.9 funds administered by the Minnesota State Retirement System, the Teachers Retirement
100.10 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
100.11 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
100.12 or firefighters relief association governed by section 69.77 that has not consolidated
100.13 with the Public Employees Retirement Association, or any local police or firefighters
100.14 consolidation account who have not elected the type of benefit coverage provided by the
100.15 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
100.16 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
100.17 police and fire plan benefit coverage. This clause must not be construed to prevent a person
100.18 from being a member of and contributing to the Public Employees Retirement Association
100.19 and also belonging to and contributing to another public pension plan or fund for other
100.20 service occurring during the same period of time. A person who meets the definition of
100.21 "public employee" in subdivision 2 by virtue of other service occurring during the same
100.22 period of time becomes a member of the association unless contributions are made to
100.23 another public retirement fund on the salary based on the other service or to the Teachers
100.24 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

100.25 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage
100.26 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
100.27 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
100.28 as amended through January 1, 1987, if no irrevocable election of coverage has been made
100.29 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

100.30 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of
100.31 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
100.32 basis at an accredited school, college, or university in an undergraduate, graduate, or
100.33 professional-technical program, or a public or charter high school;

100.34 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and
100.35 pharmacist interns who are serving in a degree or residency program in public hospitals
100.36 or clinics;

101.1 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored
101.2 by an accredited educational institution;

101.3 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license
101.4 who render part-time teaching service in a technical college;

101.5 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,
101.6 Inc., foreign citizens ~~working for~~ who are employed by a governmental subdivision with
101.7 under a work permit of less than three years, or an H-1b visa valid initially issued or
101.8 extended for a combined period less than three years of employment. Upon notice to the
101.9 ~~association that the work permit or visa extends~~ extension of the employment beyond the
101.10 three-year period, the foreign citizens must be reported for membership ~~from the date of~~
101.11 ~~the extension~~ beginning the first of the month thereafter provided the monthly earnings
101.12 threshold as provided under subdivision 2a is met;

101.13 ~~(13)~~ (14) public hospital employees who elected not to participate as members
101.14 of the association before 1972 and who did not elect to participate from July 1, 1988,
101.15 to October 1, 1988;

101.16 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service
101.17 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance
101.18 service personnel may still qualify as public employees under subdivision 2 and may be
101.19 members of the Public Employees Retirement Association and participants in the ~~public~~
101.20 general employees retirement ~~fund plan~~ or the public employees police and fire fund plan,
101.21 whichever applies, on the basis of compensation received from public employment service
101.22 other than service as volunteer ambulance service personnel;

101.23 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined
101.24 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter
101.25 duties; ~~provided that, but~~ a person who is a volunteer firefighter may still qualify as a
101.26 public employee under subdivision 2 and may be a member of the Public Employees
101.27 Retirement Association and a participant in the ~~public~~ general employees retirement
101.28 ~~fund plan~~ or the public employees police and fire fund plan, whichever applies, on the
101.29 basis of compensation received from public employment activities other than those as a
101.30 volunteer firefighter;

101.31 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent
101.32 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
101.33 by the pipefitters local 455 pension plan who were either first employed after May 1,
101.34 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,
101.35 chapter 241, article 2, section 12;

102.1 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel
102.2 who are employed by Independent School District No. 625, St. Paul, or the city of St.
102.3 Paul, who have retirement coverage under a collective bargaining agreement by the
102.4 Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34
102.5 pension plan, or the pension plan applicable to Carpenters Local 87 ~~pension plan~~ who
102.6 were either first employed after May 1, 2000, or, if first employed before May 2, 2000,
102.7 elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

102.8 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
102.9 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
102.10 or Independent School District No. 625, St. Paul, with coverage under a collective
102.11 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
102.12 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
102.13 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
102.14 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
102.15 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
102.16 Session chapter 10, article 10, section 6;

102.17 ~~(19)~~ (20) plumbers who are employed by the Metropolitan Airports Commission,
102.18 with coverage under a collective bargaining agreement by the Plumbers Local 34 pension
102.19 plan, who either were first employed after May 1, 2001, or if first employed before May 2,
102.20 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
102.21 10, section 6;

102.22 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions
102.23 under subdivision 12b which are limited in duration by the employer to 185 consecutive
102.24 calendar days or less in each year of employment with the governmental subdivision;

102.25 ~~(21)~~ (22) persons who are provided supported employment or work-study positions
102.26 by a governmental subdivision and who participate in an employment or industries
102.27 program maintained for the benefit of these persons where the governmental subdivision
102.28 limits the position's duration to three years or less, including persons participating in a
102.29 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
102.30 unemployment relief program where the training or work experience is not provided as a
102.31 part of, or for, future permanent public employment;

102.32 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

102.33 ~~(23)~~ (24) reemployed annuitants of the association during the course of that
102.34 reemployment; and

102.35 (25) persons appointed to serve on a board or commission of a governmental
102.36 subdivision or an instrumentality thereof.

103.1 (b) Any person performing the duties of a public officer in a position defined in
103.2 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
103.3 employee of an independent contractor.

103.4 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)
103.5 is effective for persons first appointed after June 30, 2010.

103.6 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

103.7 Subd. 2d. **Optional membership.** (a) Membership in the association is optional
103.8 by action of the individual employee for the following public employees who meet the
103.9 conditions set forth in subdivision 2a:

103.10 (1) members of the coordinated plan who are also employees of labor organizations
103.11 as defined in section 353.017, subdivision 1, for their employment by the labor
103.12 organization only, if they elect to have membership under section 353.017, subdivision 2;

103.13 (2) persons who are elected or persons who are appointed to elected positions other
103.14 than local governing body elected positions who elect to participate by filing a written
103.15 election for membership;

103.16 (3) members of the association who are appointed by the governor to be a state
103.17 department head and who elect not to be covered by the general state employees retirement
103.18 plan of the Minnesota State Retirement System under section 352.021;

103.19 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be
103.20 excluded from membership in the association under section 353.028, subdivision 2; and

103.21 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,
103.22 who were at least age 45 on that date, and who elected to participate by filing a written
103.23 election for membership.

103.24 (b) Membership in the association is optional by action of the governmental
103.25 subdivision for the employees of the following governmental subdivisions under the
103.26 conditions specified:

103.27 (1) the Minnesota Association of Townships if the board of that association, at its
103.28 option, certifies to the executive director that its employees who meet the conditions set
103.29 forth in subdivision 2a are to be included for purposes of retirement coverage, in which
103.30 case the status of the association as a participating employer is permanent;

103.31 (2) a county historical society if the county in which the historical society is located,
103.32 at its option, certifies to the executive director that the employees of the historical society
103.33 who meet the conditions set forth in subdivision 2a are to be considered county employees
103.34 for purposes of retirement coverage under this chapter. The status as a county employee
103.35 must be accorded to all similarly situated county historical society employees and, once

established, must continue as long as a person is an employee of the county historical society; and

(3) Hennepin Healthcare System, Inc., a public corporation, with respect to employees other than paramedics, emergency medical technicians, and protection officers, if the corporate board establishes alternative retirement plans for certain classes of employees of the corporation and certifies to the association the applicable employees to be excluded from future retirement coverage.

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election is not made, the employee must become a member and have retirement coverage under the applicable provisions of this chapter. For employees specified in paragraph (b), clause (3), membership continues until the exclusion option is exercised for the designated class of employee.

(d) The option to become a member, once exercised under this subdivision, may not be withdrawn until the termination of public service as defined under subdivision 11a.

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

Sec. 5. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each

month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

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

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

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service ~~is~~ must be credited if the member pays into the fund equivalent employee contributions based upon the contribution

106.1 rate or rates in effect at the time that the uniformed service was performed multiplied
106.2 by the full and fractional years being purchased and applied to the annual salary rate.
106.3 The annual salary rate is the average annual salary, excluding overtime pay, during the
106.4 purchase period that the member would have received if the member had continued to
106.5 be employed in covered employment rather than to provide uniformed service, or, if
106.6 the determination of that rate is not reasonably certain, the annual salary rate is the
106.7 member's average salary rate, excluding overtime pay, during the 12-month period of
106.8 covered employment rendered immediately preceding the period of the uniformed service.
106.9 Payment of the member equivalent contributions must be made during a period that begins
106.10 with the date on which the individual returns to public employment and that is three times
106.11 the length of the military leave period, or within five years of the date of discharge from
106.12 the military service, whichever is less. If the determined payment period is less than
106.13 one year, the contributions required under this clause to receive service credit may be
106.14 made within one year of the discharge date. Payment may not be accepted following 30
106.15 days after termination of public service under subdivision 11a. If the member equivalent
106.16 contributions provided for in this clause are not paid in full, the member's allowable
106.17 service credit must be prorated by multiplying the full and fractional number of years of
106.18 uniformed service eligible for purchase by the ratio obtained by dividing the total member
106.19 contributions received by the total member contributions otherwise required under this
106.20 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
106.21 employer contribution must be paid by the governmental subdivision employing the
106.22 member if the member makes the equivalent employee contributions. The employer
106.23 payments must be made from funds available to the employing unit, using the employer
106.24 and additional employer contribution rate or rates in effect at the time that the uniformed
106.25 service was performed, applied to the same annual salary rate or rates used to compute the
106.26 equivalent member contribution. The governmental subdivision involved may appropriate
106.27 money for those payments. The amount of service credit obtainable under this section may
106.28 not exceed five years unless a longer purchase period is required under United States Code,
106.29 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
106.30 employer contribution amounts payable under this clause. Interest must be computed at a
106.31 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
106.32 break in service to the end of the month in which the payment is received. Upon payment,
106.33 the employee must be granted allowable service credit for the purchased period; or

106.34 (9) a period specified under subdivision 40.

106.35 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
106.36 state officers and employees displaced by the Community Corrections Act, chapter 401,

and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

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

(d) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(e) MS 2002 [Expired]

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

Sec. 6. Minnesota Statutes 2008, section 353.0161, subdivision 2, is amended to read:

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

(b) If payment is received by the executive director within one year from the date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, or at termination of public service, whichever is earlier, multiplied by the employee's average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the number of months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph

108.1 must be made before the date the person terminates public service under section 353.01,
108.2 subdivision 11a.

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

108.4 Sec. 7. **[353.0162] REDUCED SALARY PERIODS SALARY CREDIT**
108.5 **PURCHASE.**

108.6 (a) A member may purchase additional salary credit for a period specified in this
108.7 section.

108.8 (b) The applicable period is a period during which the member is receiving a reduced
108.9 salary from the employer while the member is:

108.10 (1) receiving temporary workers' compensation payments related to the member's
108.11 service to the public employer;

108.12 (2) on an authorized medical leave of absence; or

108.13 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
108.14 savings program offered or mandated by a governmental subdivision.

108.15 (c) The differential salary amount is the difference between the average monthly
108.16 salary received by the member during the period of reduced salary under this section and
108.17 the average monthly salary of the member, excluding overtime, on which contributions
108.18 to the applicable plan were made during the period of the last six months of covered
108.19 employment occurring immediately before the period of reduced salary, applied to the
108.20 member's normal employment period, measured in hours or otherwise, as applicable.

108.21 (d) To receive eligible salary credit, the member shall pay an amount equal to:

108.22 (1) the applicable employee contribution rate under section 353.27, subdivision
108.23 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
108.24 differential salary amount;

108.25 (2) plus an employer equivalent payment equal to the applicable employer
108.26 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
108.27 subdivision 2, as applicable, multiplied by the differential salary amount;

108.28 (3) plus, if applicable, an equivalent employer additional amount equal to the
108.29 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
108.30 differential salary amount.

108.31 (e) The employer, by appropriate action of its governing body and documented in its
108.32 official records, may pay the employer equivalent contributions and, as applicable, the
108.33 equivalent employer additional contributions on behalf of the member.

108.34 (f) Payment under this section must include interest on the contribution amount
108.35 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable

months from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized medical leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 consecutive months of authorized medical leave.

(h) To purchase salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service.

EFFECTIVE DATE. This section is effective July 1, 2010. Purchase of reduced salary credit may be made for a period mandated or offered by a governmental subdivision for purposes of budget or salary savings on or after July 1, 2009.

Sec. 8. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

Subdivision 1. **Management; composition; election.** (a) The management of the public employees retirement fund is vested in an 11-member board of trustees consisting of ten members and the state auditor. The state auditor may designate a deputy auditor with expertise in pension matters as the auditor's representative on the board. The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, one who is a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association, including recipients of retirement annuities and disability and survivor benefits, shall elect five trustees for terms of four years, one of whom must be a member of the police and fire fund and one of whom must be a former member who met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership and who is receiving a retirement annuity or a member who receives a disability benefit. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are seated. Except as provided

in this subdivision, trustees elected by the membership of the association must be public employees and members of the association.

(b) For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept ~~at its office filings in person or by mail~~ of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the association. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies, ~~subject to review and approval by the secretary of state under paragraph (c), and procedures~~ to govern the form and length of these statements, ~~and the timing of mailings,~~ and deadlines for submitting materials to be mailed. ~~The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement distributed to the eligible voters.~~

(c) By January 10 of each year in which elections are to be held, the board shall distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and materials necessary to vote for the candidates seeking terms on the board of trustees. Eligible voters are the members, retirees, and other benefit recipients. No ~~member~~ voter may vote for more than one candidate for each board position to be filled. A ~~ballot indicating a~~ vote for more than one person for any position is void. No special marking may be used ~~on the ballot~~ to indicate incumbents. ~~Ballots~~ Votes cast by using paper ballots mailed to the association must be postmarked no later than January 31. Votes cast by using telephone or other electronic means authorized under the board's procedures must be entered by the end of the day on January 31. ~~The ballot envelopes must be so designated and the ballots must be counted in a manner that ensures~~ design of the voting response media must ensure that each voter's vote is secret.

(d) A candidate who receives contributions ~~or, who~~ makes expenditures in excess of \$100, or who has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100 for the purpose of bringing about the candidate's election, shall file a report with the campaign finance and public disclosure board disclosing the source and amount of all contributions to the candidate's campaign. The campaign finance and public disclosure board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include ~~the mailing any distribution~~ made by the association board on behalf of the candidate. A candidate shall file a report within 30 days from the day that the

111.1 results of the election are announced. The Campaign Finance and Public Disclosure Board
111.2 shall maintain these reports and make them available for public inspection in the same
111.3 manner as the board maintains and makes available other reports filed with it.

111.4 (e) The secretary of state shall review and ~~approve~~ comment on the procedures
111.5 defined by the board of trustees for conducting the elections specified in this subdivision,
111.6 including board policies adopted under paragraph (b).

111.7 (f) The board of trustees and the executive director shall undertake their activities
111.8 consistent with chapter 356A.

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

111.10 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

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

111.12 (a) A representative authorized by the head of each department shall deduct employee
111.13 contributions from the salary of each public employee who qualifies for membership
111.14 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,
111.15 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is
111.16 paid. The employer representative must also remit payment in a manner prescribed by
111.17 the executive director for the aggregate amount of the employee contributions; and the
111.18 required employer contributions and the additional employer contributions to be received
111.19 by the association within 14 calendar days after each pay date. If the payment is less than
111.20 the amount required, the employer must pay the shortage amount to the association and
111.21 collect reimbursement of any employee contribution shortage paid on behalf of a member
111.22 through subsequent payroll withholdings from the wages of the employee. Payment of
111.23 shortages in employee contributions and associated employer contributions, if applicable,
111.24 must include interest at the rate specified in section 353.28, subdivision 5, if not received
111.25 within 30 days following the date the amount was initially due under this section.

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

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

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

111.34 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the
111.35 pay period from which each deduction was made and the salary amount earned by a

reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
by a disabled member under section 353.33, subdivision 7 or 7a;

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

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

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

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

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

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

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

113.1 Sec. 10. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is
113.2 amended to read:

113.3 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
113.4 as provided in paragraph (b), erroneous employee deductions and erroneous employer
113.5 contributions and additional employer contributions for a person; who otherwise does not
113.6 qualify for membership under this chapter, are considered:

113.7 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
113.8 determination of the error by the association, the person may continue membership in the
113.9 association while employed in the same position for which erroneous deductions were
113.10 taken, or file a written election to terminate membership and apply for a refund upon
113.11 termination of public service or defer an annuity under section 353.34; or

113.12 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
113.13 1990. Upon determination of the error, the association shall refund all erroneous employee
113.14 deductions and all erroneous employer contributions as specified in paragraph (e). No
113.15 person may claim a right to continued or past membership in the association based on
113.16 erroneous deductions which began on or after January 1, 1990.

113.17 (b) Erroneous deductions taken from the salary of a person who did not qualify for
113.18 membership in the association by virtue of concurrent employment before July 1, 1978,
113.19 which required contributions to another retirement fund or relief association established
113.20 for the benefit of officers and employees of a governmental subdivision, are invalid. Upon
113.21 discovery of the error, ~~the association shall remove~~ allowable service credit for all invalid
113.22 service if forfeited and, upon termination of public service, the association shall refund all
113.23 erroneous employee deductions to the person, with interest as determined under section
113.24 353.34, subdivision 2, and all erroneous employer contributions without interest to the
113.25 employer. This paragraph has both retroactive and prospective application.

113.26 (c) Adjustments to correct employer contributions and employee deductions taken
113.27 in error from amounts which are not salary under section 353.01, subdivision 10, must
113.28 be made as specified in paragraph (e). The period of adjustment must be limited to the
113.29 fiscal year in which the error is discovered by the association and the immediate two
113.30 preceding fiscal years.

113.31 (d) If there is evidence of fraud or other misconduct on the part of the employee or
113.32 the employer, the board of trustees may authorize adjustments to the account of a member
113.33 or former member to correct erroneous employee deductions and employer contributions
113.34 on invalid salary and the recovery of any overpayments for a period longer than provided
113.35 for under paragraph (c).

(e) Upon discovery of the receipt of erroneous employee deductions and employer contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; ~~and the employer must pay the refunded employee deductions plus interest to the member;~~

(2) for a former member who:

(i) is not receiving a retirement annuity or benefit, return the erroneous employee deductions to the former member through a refund with interest at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; or

(ii) is receiving a retirement annuity or disability benefit, or a person who is receiving an optional annuity or survivor benefit, for whom it has been determined an overpayment must be recovered, adjust the payment amount and recover the overpayments as provided under this section; and

(3) return the invalid employer contributions reported on behalf of a member or former member to the employer by providing a credit against future contributions payable by the employer.

(f) In the event that a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, a refund of the sum deducted, or any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit is within the limitation period specified in paragraph (c), and an overpayment has resulted by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and recover any overpayment as provided under subdivision 7b.

(h) Notwithstanding the provisions of this subdivision, the association may apply the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans Compliance Resolution System and not issue a refund of erroneous employee deductions and employer contributions or not recover a small overpayment of benefits if the cost to correct the error would exceed the amount of the member refund or overpayment.

115.1 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
115.2 failure by an employer to follow the statutory requirements for reporting eligible members
115.3 and salary must be paid by the employer.

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

115.5 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

115.6 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually
115.7 furnish the executive director with an exclusion report listing only those employees in
115.8 potentially PERA-eligible positions who were not reported as members of the association
115.9 and who worked during the school year for school employees and calendar year for
115.10 nonschool employees. The department head must certify the accuracy and completeness
115.11 of the exclusion report to the association. The executive director shall prescribe the
115.12 manner and forms, including standardized exclusion codes, to be used by a governmental
115.13 subdivision in preparing and filing exclusion reports. Also, the executive director shall
115.14 ~~also~~ check the exclusion report to ascertain whether any omissions have been made by a
115.15 department head in the reporting of new public employees for membership. The executive
115.16 director may delegate an association employee under section 353.03, subdivision 3a,
115.17 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
115.18 governmental subdivision.

115.19 (b) If an employer fails to comply with the reporting requirements under this
115.20 subdivision, the executive director may assess a fine of \$25 for each failure if the
115.21 association staff has notified the employer of the noncompliance and attempted to obtain
115.22 the missing data or form from the employer for a period of more than three months.

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

115.24 Sec. 12. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is
115.25 amended to read:

115.26 Subd. 4. **Duration.** Postretirement option employment ~~shall~~ may be for an initial
115.27 period not to exceed one year. At the end of the initial period, the governing body has sole
115.28 discretion to determine if the offer of a postretirement option position will be renewed,
115.29 renewed with modifications, or terminated. Postretirement option employment may be
115.30 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~
115.31 ~~defined in United States Code, title 42, section 416(f)~~ no more than four renewals may
115.32 occur.

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

Sec. 13. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan is available to:

(1) elected local government officials of a governmental subdivision who elect to participate in the plan under section 353D.02, subdivision 1, and who, for the elected service rendered to a governmental subdivision, are not members of the Public Employees Retirement Association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan;

(5) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the Public Employees Retirement Association under section 353.01, subdivision 7;

(6) city managers who elected to be excluded from the general employees retirement plan of the Public Employees Retirement Association under section 353.028 and who elected to participate in the public employees defined contribution plan under section 353.028, subdivision 3, paragraph (b); ~~and~~

(7) volunteer or emergency on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the public employees police and fire retirement plan and who are not covered by a volunteer firefighters relief association and who elect to participate in the public employees defined contribution plan;

(8) elected county sheriffs who are former members of the police and fire plan and who are receiving a retirement annuity as provided under section 353.651; and

(9) persons who are excluded from membership under section 353.01, subdivision 2b, paragraph (a), clause (25).

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Service as an elected local government official only includes service for the governmental subdivision for which the official was elected by the public at large. Service as an elected local government official ceases and eligibility to participate terminates when the person ceases to be an elected official. An elected local government official does not include an elected county sheriff who must be a member of the police and fire plan as provided under chapter 353.

(c) Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

(d) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

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

Sec. 14. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible participants.** ~~An~~ (a) The following classes of eligible elected local government official participants who elects elect to participate in the public employees defined contribution plan under section 353D.02 shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating:

(1) elected local government official's officials;

(2) physicians; and

(3) persons who are excluded from membership under section 353.01, subdivision 2b, clause (25).

(b) A participant's governmental subdivision shall contribute a matching amount.

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

Sec. 15. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

Subdivision 1. **Crediting of account contributions to participant accounts.** (a) Contributions made by or on behalf of a ~~participating elected local government official or physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must be remitted to the Public Employees Retirement Association and credited to the individual account established for the participant. Ambulance service

118.1 (b) Contributions as provided under section 353D.03, subdivisions 3, and 6,
118.2 paragraph (b), must be remitted on a regular basis to the association together with any
118.3 member contributions paid or withheld. Those contributions must be credited to the
118.4 individual account of each participating member.

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

118.6 Sec. 16. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

118.7 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The
118.8 executive director may adopt policies and procedures regarding deductions taken totally
118.9 or partially in error by the employer from the salary of an elected official.

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

118.11 Sec. 17. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is
118.12 amended to read:

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

118.14 (1) Bridges Medical Services;
118.15 (2) the City of Cannon Falls Hospital;
118.16 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
118.17 (4) Clearwater County Memorial Hospital doing business as Clearwater Health
118.18 Services in Bagley;

118.19 ~~(4)~~ (5) the Dassel Lakeside Community Home;

118.20 (6) the Douglas County Hospital, with respect to the Mental Health Unit;

118.21 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;

118.22 ~~(6)~~ (8) the Glencoe Area Health Center;

118.23 ~~(7)~~ (9) Hutchinson Area Health Care;

118.24 ~~(8)~~ (10) the Lakefield Nursing Home;

118.25 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;

118.26 ~~(10)~~ (12) the Luverne Public Hospital;

118.27 ~~(11)~~ (13) the Oakland Park Nursing Home;

118.28 ~~(12)~~ (14) the RenVilla Nursing Home;

118.29 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department
118.30 of Radiology and the Department of Radiation/Oncology;

118.31 ~~(14)~~ (16) the St. Peter Community Health Care Center;

118.32 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;

118.33 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; ~~and~~

119.1 (19) the Wheaton Community Hospital; and
119.2 ~~(17)~~ (20) the Worthington Regional Hospital.

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

119.4 Sec. 18. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

119.5 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a
119.6 governmental subdivision may submit a resolution from the governing body to the
119.7 executive director of the Public Employees Retirement Association which supports
119.8 providing coverage under this chapter for employees of that governmental subdivision
119.9 who are privatized, and which states that the governing body will pay for actuarial
119.10 calculations, as further specified in paragraph (c).

119.11 (b) The governing body must also provide a copy of any applicable purchase or
119.12 lease agreement and any other information requested by the executive director to allow the
119.13 executive director to verify that under the proposed employer change, the new employer
119.14 does not qualify as a governmental subdivision under section 353.01, subdivision 6,
119.15 making the employees ineligible for continued coverage as active members of the general
119.16 employees retirement plan of the Public Employees Retirement Association.

119.17 (c) Following receipt of a resolution and a determination by the executive director
119.18 that the new employer is not a governmental subdivision, the executive director shall
119.19 direct the consulting actuary retained under section 356.214 to determine whether the
119.20 general employees retirement plan of the Public Employees Retirement Association, if
119.21 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
119.22 privatization occurs, ~~by determining whether.~~ A net gain is expected if the actuarial
119.23 liability of the special benefit coverage provided under this chapter, if extended to the
119.24 applicable employees under the privatization, is less than the actuarial gain otherwise to
119.25 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special
119.26 benefit coverage provided under this chapter, if extended to the applicable employees
119.27 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The
119.28 date of the actuarial calculations used to make this determination must be within one year
119.29 of the effective date, as defined in section 353F.02, subdivision 3.

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

119.31 Sec. 19. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

119.32 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
119.33 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement

plan of the Public Employees Retirement Association is expected due to the privatization, or if paragraph (c) applies, the executive director shall forward a recommendation and supporting documentation to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session. The recommendation may be included as part of public pension administrative legislation under section 356B.05.

(b) If a medical facility or other public employing unit listed under section 353F.02, subdivision 4 or 5, fails to privatize within one year of the final enactment date of the legislation adding the entity to the applicable definition, its inclusion under this chapter is voided, and the executive director shall include in the subsequent proposed legislation under paragraph (a) a recommendation that the applicable entity be stricken from the definition.

(c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall forward a recommendation that the privatization be included as an addition under paragraph (a) if the chief clerical officer of the applicable governmental subdivision submits a resolution from the governing body specifying that a lump sum payment will be made to the executive director equal to the net loss, plus interest. The interest must be computed using the applicable preretirement interest rate assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from which the actuarial accrued liability data was used to determine the net loss in the actuarial study under subdivision 1, to the date of payment, with annual compounding. Payment must be made on or after the effective date defined under section 353F.02.

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

Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

Subd. 2. **Right to review.** A determination made by the ~~administration chief~~ administrative officer of a covered pension plan regarding a person's eligibility, benefits,

121.1 or other rights under the plan with which the person does not agree is subject to review
121.2 under this section.

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

121.4 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

121.5 Subd. 3. **Notice of determination.** If the applicable chief administrative officer
121.6 denies an application or a written request, modifies a benefit, or terminates a benefit
121.7 of a person claiming a right or potential rights under a covered pension plan, the chief
121.8 administrative officer shall notify that person through a written notice containing:

121.9 (1) a statement of the reasons for the determination;

121.10 (2) a notice that the person may petition the governing board of the covered pension
121.11 plan for a review of the determination and that a person's petition for review must be filed
121.12 in the administrative office of the covered pension plan within 60 days of the receipt
121.13 of the written notice of the determination;

121.14 (3) a statement indicating that a failure to petition for review within 60 days
121.15 precludes the person from contesting in any other administrative review or court procedure
121.16 the issues determined by the chief administrative officer;

121.17 (4) a statement indicating that all relevant materials, documents, affidavits, and other
121.18 records that the person wishes to be reviewed in support of the petition must be filed with
121.19 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days
121.20 before the date of the hearing under subdivision 10; and

121.21 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

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

121.23 Sec. 22. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is
121.24 amended to read:

121.25 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
121.26 may petition for a review of that decision by the governing board of the covered pension
121.27 plan.

121.28 (b) A petition under this section must be sent to the chief administrative officer by
121.29 mail and must be postmarked no later than 60 days after the person received the notice
121.30 required by subdivision 3. The petition must include the person's statement of the reason
121.31 or reasons that the person believes the decision of the chief administrative officer should
121.32 be reversed or modified. The petition may include all documentation and written materials
121.33 that the petitioner deems to be relevant. In developing a record for review by the board

122.1 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct
122.2 that the applicant participate in a fact-finding session conducted by an administrative law
122.3 judge assigned by the Office of Administrative Hearings and, as applicable, participate in
122.4 a vocational assessment conducted by a qualified rehabilitation counselor on contract with
122.5 the applicable retirement system.

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

122.7 Sec. 23. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

122.8 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~
122.9 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative
122.10 officer must schedule a timely review of the petition before the governing board of the
122.11 covered pension plan. The review must be scheduled to take into consideration any
122.12 necessary accommodations to allow the petitioner to participate in the governing board's
122.13 review.

122.14 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief
122.15 administrative officer must provide by mail to the petitioner an acknowledgment of the
122.16 receipt of the person's petition and a follow-up notice of the time and place of the meeting
122.17 at which the governing board is scheduled to consider the petition and must provide a copy
122.18 of all relevant documents, evidence, summaries, and recommendations assembled by or
122.19 on behalf of the plan administration to be considered by the governing board.

122.20 (c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials
122.21 that the petitioner wishes to be part of the record for review must be filed with the chief
122.22 administrative officer and must be received in the offices of the covered pension plan
122.23 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to
122.24 be heard.

122.25 (d) A petitioner, may request a continuance of a scheduled hearing if the request
122.26 is received by the chief administrative officer within ten calendar days of the scheduled
122.27 date of the applicable board meeting, ~~may request a continuance on a scheduled petition.~~
122.28 The chief administrative officer must reschedule the review within ~~60 days of the date~~
122.29 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to
122.30 any petitioner.

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

122.32 Sec. 24. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and affidavits in the possession of the covered pension plan of which the covered pension plan desires to avail itself and be considered by the governing board, and all evidence which the petitioner wishes to present to the governing board, including any evidence which would otherwise be classified by law as "private," must be made part of the hearing record.

(b) ~~Not later than~~ The chief administrative officer must provide a copy of the record to each member of the governing board at least seven days before the scheduled hearing date, the chief administrative officer must provide a copy of the record to each member of the governing board.

(c) ~~At least five days before the hearing, the petitioner may submit to the chief administrative officer, for submission to the governing board, Any additional document, affidavit, or other relevant information that was not initially submitted with the petition~~ the petitioner requests be part of the record may be admitted with the consent of the governing board.

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

Sec. 25. Laws 2009, chapter 169, article 4, section 49, is amended to read:

Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes, section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and 356, to the contrary, this section establishes the procedures by which the executive director of the Public Employees Retirement Association shall adjust erroneous employee deductions and employer contributions paid on behalf of active employees and former members by the city of Duluth ~~and~~₂ by the Duluth Airport Authority, and by the city of Virginia on amounts determined by the executive director to be invalid salary under Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997, and October 23, 2008, and for adjusting benefits that were paid to former members and their beneficiaries based upon invalid salary amounts.

Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund to active employees or former members who are not receiving retirement annuities or benefits all erroneous employee deductions identified by the city of Duluth ~~or~~₂ by the Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts determined to be invalid salary. The refunds must include interest at the rate specified in

124.1 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee
124.2 deduction was received through the date each refund is paid.

124.3 (b) The refund payment for active employees must be sent to the ~~applicable~~
124.4 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~
124.5 ~~to the active~~ home addresses of the members who are employees of the city of Duluth
124.6 ~~or,~~ who are employees of the Duluth Airport Authority, or who are employees of the city
124.7 of Virginia, as applicable.

124.8 (c) Refunds to former members must be mailed by the executive director of the
124.9 Public Employees Retirement Association to the former member's last known address.

124.10 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
124.11 retirement annuity or disability benefit, or for a person receiving an optional annuity or
124.12 survivor benefit, the executive director must:

124.13 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
124.14 payable by reducing the average salary under Minnesota Statutes, section 353.01,
124.15 subdivision 17a, by the invalid salary amounts;

124.16 (2) determine the amount of the overpaid benefits paid from the effective date of
124.17 the annuity or benefit payment to the first of the month in which the monthly benefit
124.18 amount is corrected;

124.19 (3) calculate the amount of employee deductions taken in error on invalid salary,
124.20 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
124.21 from the date each invalid employee deduction was received through the date the annuity
124.22 or benefit is adjusted as provided under clause (1); and

124.23 (4) determine the net amount of overpaid benefits by reducing the amount of the
124.24 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
124.25 employee deductions with interest as determined in clause (3).

124.26 (b) If a former member's erroneous employee deductions plus interest determined
124.27 under this section exceeds the amount of the person's overpaid benefits, the balance must
124.28 be refunded to the person to whom the annuity or benefit is being paid.

124.29 (c) The executive director shall recover the net amount of all overpaid annuities or
124.30 benefits as provided under subdivision 4.

124.31 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
124.32 provide a credit without interest to the city of Duluth ~~and,~~ to the Duluth Airport Authority,
124.33 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's
124.34 erroneous employer contributions. The credit must first be used to offset the net amount of
124.35 the overpaid retirement annuities and the disability and survivor benefits that remains after
124.36 applying the amount of erroneous employee deductions with interest as provided under

125.1 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,
125.2 if any, must be credited against future employer contributions required to be paid by
125.3 the applicable governmental subdivision. If the overpaid benefits exceed the employer
125.4 contribution credit, the balance of the overpaid benefits is the obligation of the city of
125.5 Duluth ~~or~~, the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

125.6 (b) The Public Employees Retirement Association board of trustees shall determine
125.7 the period of time and manner for the collection of overpaid retirement annuities and
125.8 benefits, if any, from the city of Duluth ~~and~~, the Duluth Airport Authority, and the city of
125.9 Virginia.

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

125.11 Sec. 26. Laws 2009, chapter 169, article 4, section 49, the effective date, is amended to
125.12 read:

125.13 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after
125.14 the Duluth city council and the chief clerical officer of the city of Duluth timely complete
125.15 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for
125.16 members who are, and former members who were, employees of the city of Duluth.

125.17 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
125.18 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely
125.19 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2
125.20 and 3, for members who are, and former members who were, employees of the Duluth
125.21 Airport Authority.

125.22 (c) This section is effective for the city of Virginia the day after the Virginia
125.23 city council and the chief clerical officer of the city of Virginia timely complete their
125.24 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members
125.25 who are, and former members who were, employees of the city of Virginia. If this section
125.26 becomes effective for the city of Virginia, it applies retroactively from June 23, 2009.

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

125.28 Sec. 27. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to
125.29 read:

125.30 **EFFECTIVE DATE.** This section is effective the day following final enactment
125.31 and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement
125.32 option position after that date.

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

126.2 Sec. 28. **REPEALER.**

126.3 (a) Minnesota Statutes 2008, section 353.01, subdivision 40, is repealed effective
126.4 July 1, 2010.

126.5 (b) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03,
126.6 subdivision 2, are repealed the day following final enactment.

126.7 (c) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

126.8 **ARTICLE 6**

126.9 **VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER**
126.10 **RETIREMENT PLAN**

126.11 Section 1. Minnesota Statutes 2008, section 69.051, subdivision 3, is amended to read:

126.12 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
126.13 an organized fire department but which does not have a firefighters' relief association
126.14 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
126.15 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
126.16 disbursements by the municipality for fire protection service during the preceding calendar
126.17 year, on a form prescribed by the state auditor. The financial report ~~shall~~ must contain any
126.18 information which the state auditor deems necessary to disclose the sources of receipts
126.19 and the purpose of disbursements for fire protection service. The financial report ~~shall~~
126.20 ~~must~~ be signed by the municipal clerk or clerk-treasurer of the municipality. The financial
126.21 report ~~shall~~ must be filed by the municipal clerk or clerk-treasurer with the state auditor on
126.22 or before July 1 annually. The state auditor shall forward one copy to the county auditor of
126.23 the county wherein the municipality is located. The municipality shall not qualify initially
126.24 to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if
126.25 the financial reporting requirement or the applicable requirements of this chapter or any
126.26 other statute or special law have not been complied with or are not fulfilled.

126.27 (b) Each municipality that has an organized fire department and provides retirement
126.28 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
126.29 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
126.30 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
126.31 a detailed financial report if the executive director of the Public Employees Retirement
126.32 Association certifies compliance by the municipality with the requirements of sections
126.33 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements
126.34 of section 353G.07.

127.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

127.2 Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, is
127.3 amended to read:

127.4 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
127.5 firefighters by the retirement plan is initiated by a request to the executive director for a
127.6 cost analysis of the prospective retirement coverage.

127.7 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
127.8 association governed by chapter 424A, the cost analysis of the prospective retirement
127.9 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
127.10 association, following approval of the request by the board of the volunteer firefighters'
127.11 relief association, and the chief administrative officer of the entity associated with the
127.12 relief association, following approval of the request by the governing body of the entity
127.13 associated with the relief association. If the relief association is associated with more than
127.14 one entity, the chief administrative officer of each associated entity must execute the
127.15 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
127.16 relief association, the cost analysis of the prospective retirement coverage must be
127.17 requested by the chief administrative officer of the entity operating the fire department.
127.18 The request must be made in writing and must be made on a form prescribed by the
127.19 executive director.

127.20 (c) The cost analysis of the prospective retirement coverage by the statewide
127.21 retirement plan must be based on the service pension amount under section 353G.11
127.22 closest to the service pension amount provided by the volunteer firefighters' relief
127.23 association; ~~if there is one~~ the relief association is a lump-sum defined benefit plan, or
127.24 the amount equal to 95 percent of the most current average account balance per relief
127.25 association member if the relief association is a defined contribution plan, or to the
127.26 lowest service pension amount under section 353G.11 if there is no volunteer firefighters'
127.27 relief association, rounded up, and any other service pension amount designated by
127.28 the requester or requesters. The cost analysis must be prepared using a mathematical
127.29 procedure certified as accurate by an approved actuary retained by the Public Employees
127.30 Retirement Association.

127.31 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
127.32 that has filed the information required under section 69.051 in a timely fashion, upon
127.33 request by the executive director, the state auditor shall provide the most recent data
127.34 available on the financial condition of the volunteer firefighters' relief association, the most
127.35 recent firefighter demographic data available, and a copy of the current relief association

bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

(e) If a cost analysis is requested, the executive director of the State Board of Investment shall review the investment portfolio of the relief association, if applicable, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under paragraph (f), the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of retirement plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

(f) Upon receipt of the cost analysis, the governing body of the municipality or independent nonprofit firefighting corporation associated with the fire department shall either approve or disapprove the retirement coverage change within 90 days. If the retirement coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the retirement coverage change is approved by the applicable governing body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the next following January 1.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is amended to read:

Subdivision 1. **Special fund disestablishment.** ~~(a)~~ On the date immediately prior to the effective date of the coverage change, the special fund of the applicable volunteer firefighters' relief association, if one exists, ceases to exist as a pension fund of the association and legal title to the assets of the special fund transfers to the State Board of Investment, with the beneficial title to the assets of the special fund remaining in the applicable volunteer firefighters.

~~(b) If the market value of the special fund of the volunteer firefighters' relief association for which retirement coverage changed under this chapter declines in the~~

~~interval between the date of the most recent financial report or statement, and the special
fund disestablishment date, the applicable municipality shall transfer an additional amount
to the State Board of Investment equal to that decline. If more than one municipality is
responsible for the direct management of the fire department, the municipalities shall
allocate the additional transfer amount among the various applicable municipalities
one-half in proportion to the population of each municipality and one-half in proportion
to the market value of each municipality.~~

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.

Subdivision 1. Annual funding requirements. (a) Annually, the executive director shall determine the funding requirements of each account in the voluntary statewide lump-sum volunteer firefighter retirement plan on or before August 1. The funding requirements as directed under this section, must be determined using a mathematical procedure developed and certified as accurate by an approved actuary retained by the Public Employees Retirement Association and based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

(3) The amount of the total present assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the account is considered

to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of each account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of anticipated future administrative expenses of the account must be calculated by multiplying the dollar amount of the administrative expenses for the most recent prior calendar year by the factor of 1.035.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan is the annual financial requirements of the account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If

the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 2. **Cash flow funding requirement.** If the executive director determines that an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has insufficient assets to meet the service pensions determined payable from the account, the executive director shall certify the amount of the potential service pension shortfall to the municipality or municipalities and the municipality or municipalities shall make an additional employer contribution to the account within ten days of the certification. If more than one municipality is associated with the account, unless the municipalities agree to a different allocation, the municipalities shall allocate the additional employer contribution one-half in proportion to the population of each municipality and one-half in proportion to the market value of the property of each municipality.

Subd. 3. **Authorized account disbursements.** ~~(f)~~ The assets of the retirement fund may only be disbursed for:

- (1) the administrative expenses of the retirement plan;
- (2) the investment expenses of the retirement fund;
- (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15; ~~and~~
- (4) the survivor benefits payable under section 353G.12; and
- (5) the disability benefit coverage insurance premiums under section 353G.115.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, is amended to read:

Subd. 3. Alternative pension eligibility and computation. (a) An active member of the retirement plan is entitled to an alternative lump-sum service pension from the retirement plan if the person:

- (1) has separated from active service with the fire department for at least 30 days;
- (2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighters' relief association as of the date immediately prior to the election of the retirement coverage change, whichever is later;

(3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighters' relief association or of the retirement plan, but has not rendered at least five years of good time service credit as a member of the retirement plan; and

(4) applies in a manner prescribed by the executive director for the service pension.

(b) If retirement coverage prior to statewide retirement plan coverage was provided by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum service pension is the service pension amount specified in the bylaws of the applicable former volunteer firefighters' relief association either as of the date immediately prior to the election of the retirement coverage change or as of the date immediately before the termination of firefighting services, whichever is earlier, multiplied by the total number of years of service as a member of that volunteer firefighters' relief association and as a member of the retirement plan. If retirement coverage prior to statewide retirement plan coverage was provided by a defined contribution plan volunteer firefighters relief association, the alternative lump-sum service pension is an amount equal to the person's account balance as of the date immediately prior to the date on which statewide retirement plan coverage was first provided to the person plus six percent annual compound interest from that date until the date immediately prior to the date of retirement.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Levels.** The retirement plan provides the following levels of service pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

Level A	\$500 per year of good time service credit
Level B	\$750 <u>\$600</u> per year of good time service credit
<u>Level C</u>	<u>\$700 per year of good time service credit</u>
<u>Level D</u>	<u>\$800 per year of good time service credit</u>
<u>Level E</u>	<u>\$900 per year of good time service credit</u>
Level E <u>F</u>	\$1,000 per year of good time service credit
<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
Level D <u>H</u>	\$1,500 per year of good time service credit
Level E <u>I</u>	\$2,000 per year of good time service credit
Level F <u>J</u>	\$2,500 per year of good time service credit
Level G <u>K</u>	\$3,000 per year of good time service credit
Level H <u>L</u>	\$3,500 per year of good time service credit
Level I <u>M</u>	\$4,000 per year of good time service credit
Level J <u>N</u>	\$4,500 per year of good time service credit

133.1	Level K <u>O</u>	\$5,000 per year of good time service credit
133.2	Level L <u>P</u>	\$5,500 per year of good time service credit
133.3	Level M <u>Q</u>	\$6,000 per year of good time service credit
133.4	Level N <u>R</u>	\$6,500 per year of good time service credit
133.5	Level O <u>S</u>	\$7,000 per year of good time service credit
133.6	Level P <u>T</u>	\$7,500 per year of good time service credit

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

133.8 Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a
133.9 subdivision to read:

133.10 Subd. 1a. **Continuation of prior service pension levels.** If a municipality or
133.11 independent nonprofit firefighting corporation elects to be covered by the retirement
133.12 plan prior to January 1, 2010, and selects the \$750 per year of good time service credit
133.13 service pension amount effective for January 1, 2010, that level continues for the volunteer
133.14 firefighters of that municipality or independent nonprofit firefighting corporation until a
133.15 different service pension amount is selected under subdivision 2 after January 1, 2010.

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

133.17 Sec. 8. **[353G.115] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
133.18 **CASUALTY INSURANCE.**

133.19 (a) Except as provided in paragraph (b), no disability benefit is payable from the
133.20 statewide retirement plan.

133.21 (b) If the board approves the arrangement, disability coverage for statewide
133.22 retirement plan members may be provided through a group disability insurance policy
133.23 obtained from an insurance company licensed to do business in this state. The voluntary
133.24 statewide lump-sum volunteer retirement plan is authorized to pay the premium for the
133.25 disability insurance authorized by this paragraph. The proportional amount of the total
133.26 annual disability insurance premium must be added to the required contribution amount
133.27 determined under section 353G.08.

133.28 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

133.29 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.08, is amended to read:

133.30 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
133.31 **AUTHORIZED DISBURSEMENTS.**

134.1 (a) Any qualified municipality which is entitled to receive fire state aid but which
134.2 has no volunteer firefighters' relief association directly associated with its fire department
134.3 and which has no full-time firefighters with retirement coverage by the public employees
134.4 police and fire retirement plan shall deposit the fire state aid in a special account
134.5 established for that purpose in the municipal treasury. Disbursement from the special
134.6 account may not be made for any purpose except:

134.7 (1) payment of the fees, dues and assessments to the Minnesota State Fire
134.8 Department Association and to the state Volunteer Firefighters' Benefit Association in
134.9 order to entitle its firefighters to membership in and the benefits of these state associations;

134.10 (2) payment of the cost of purchasing and maintaining needed equipment for the
134.11 fire department; and

134.12 (3) payment of the cost of construction, acquisition, repair, or maintenance of
134.13 buildings or other premises to house the equipment of the fire department.

134.14 (b) A qualified municipality which is entitled to receive fire state aid, which has no
134.15 volunteer firefighters' relief association directly associated with its fire department, which
134.16 does not participate in the voluntary statewide lump-sum volunteer firefighter retirement
134.17 plan under chapter 353G, and which has full-time firefighters with retirement coverage
134.18 by the public employees police and fire retirement plan may disburse the fire state aid as
134.19 provided in paragraph (a), for the payment of the employer contribution requirement with
134.20 respect to firefighters covered by the public employees police and fire retirement plan under
134.21 section 353.65, subdivision 3, or for a combination of the two types of disbursements.

134.22 (c) A municipality that has no volunteer firefighters' relief association directly
134.23 associated with it and that participates in the voluntary statewide lump-sum volunteer
134.24 firefighter retirement plan under chapter 353G shall transmit any fire state aid that it
134.25 receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

134.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

134.27 **ARTICLE 7**

134.28 **TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT**
134.29 **PROCEDURE REVISIONS**

134.30 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a
134.31 subdivision to read:

134.32 Subd. 41. **Annual base salary.** (a) "Annual base salary" means:

(1) for an independent school district or educational cooperative, the lowest full-time Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing unit;

(2) for a charter school, the lowest starting annual salary for a full-time licensed teacher employed during the previous fiscal year for that employing unit; and

(3) for a state agency or professional organization, the lowest starting annual salary for a full-time Teachers Retirement Association covered position for the previous fiscal year for that employing unit.

(b) If there is no previous fiscal year data because an employer unit is new and paragraph (c) does not apply, the annual base salary for the first year of operation will be as provided in paragraph (a), except that the base contract salary for the current fiscal year, rather than the previous fiscal year, must be used.

(c) For a new employer unit created as a result of a merger or consolidation, the annual base salary must be the lowest annual base salary as specified in paragraph (a) for any of the employer units involved in the merger or consolidation.

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

Sec. 2. Minnesota Statutes 2008, section 354.07, subdivision 5, is amended to read:

Subd. 5. **Records; accounts; interest.** The board shall keep a record of the receipts and disbursements of the fund and a separate account with each member of the association. The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves. It shall determine annually the annual interest earnings of the fund which shall include realized capital gains and losses. Any amount in the capital reserve account on July 1, 1973₂ shall be transferred to the employer contribution's account. The annual interest earnings shall be apportioned and credited to the separate members' accounts except those covered under the provisions of section 354.44, subdivision 6 ~~or 7~~. The rate to be used in this distribution computed to the last full quarter percent shall be determined by dividing the interest earnings by the total invested assets of the fund. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts shall be credited to the gross interest earnings for the next succeeding year.

Sec. 3. Minnesota Statutes 2008, section 354.091, is amended to read:

354.091 SERVICE CREDIT.

Subdivision 1. **Definition; monthly base salary.** For purposes of this section, "monthly base salary" means the annual base salary, as defined in section 354.05, subdivision 41, divided by 12.

Subd. 2. **Service credit annual limit.** ~~(a) In computing service credit,~~ No teacher may receive credit for more than one year of teaching service for any fiscal year.

~~Additionally, in crediting allowable service:~~

~~(1) if a teacher teaches less than five hours in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;~~

~~(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;~~

~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and~~

~~(4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year in the same relationship as the period of service performed bears to 170 days.~~

~~(b) A teacher must receive a full year of service credit based on the number of days in the employer's full school year if that school year is less than 170 days. Teaching service performed before July 1, 1961, must be computed under the law in effect at the time it was performed.~~

~~(c) A teacher must not lose or gain retirement service credit as a result of the employer converting to a flexible or alternate work schedule. If the employer converts to a flexible or alternate work schedule, the forms for reporting teaching service and the procedures for determining service credit must be determined by the executive director with the approval of the board of trustees.~~

Subd. 3. **Service credit calculation.** (a) Except as specified in subdivisions 4 and 5, service credit must be calculated monthly by dividing the teacher's monthly salary by the monthly base salary for the teacher's employing unit and multiplying the result by 11.1 percent.

(b) For purposes of computing service credit, salary must be allocated to each calendar month based on the pay period begin and end dates. If the pay period covers more than one calendar month, the salary must be allocated based on the number of days in each calendar month.

(c) A teacher may not receive more than 11.1 percent of a year's service credit in a calendar month.

(d) Annual service credit must be calculated by adding the allowable monthly service credit for all 12 months of the fiscal year, with the result rounded to two decimal places, subject to the annual limit specified in subdivision 2.

Subd. 4. Service credit determination for Minnesota State Colleges and Universities system teachers. ~~(d)~~ For all services rendered on or after July 1, 2003, service credit for all members employed by the Minnesota State Colleges and Universities system must be determined:

(1) for full-time employees, by the definition of full-time employment contained in the collective bargaining agreement for those units listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary plan for those positions designated in section 179A.10, subdivision 1; and

(2) for part-time employees, by the appropriate proration of full-time equivalency based on the provisions contained in the collective bargaining agreement for those units listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary plan for those positions designated in section 179A.10, subdivision 1, and the applicable procedures of the Minnesota State Colleges and Universities system; and.

~~(3) in no case may a member receive more than one year of service credit for any fiscal year.~~

Subd. 5. Service credit procedure, nontraditional schedules. For employer units that have nontraditional work schedules or pay schedules, the procedure for determining service credit must be specified by the executive director with the approval of the board of trustees.

EFFECTIVE DATE. This section is effective for teaching service performed after June 30, 2012.

Sec. 4. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. Payroll cycle reporting requirements. An employing unit shall provide the following data to the association for payroll warrants on an ongoing basis within 14 calendar days after the date of the payroll warrant in a format prescribed by the executive director:

(1) association member number;

(2) employer-assigned employee number;

(3) Social Security number;

(4) amount of each salary deduction;

138.1 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
138.2 deduction was made;

138.3 (6) reason for payment;

138.4 ~~(7) service credit;~~

138.5 ~~(8)~~ (7) the beginning and ending dates of the payroll period covered and the date
138.6 of actual payment;

138.7 ~~(9)~~ (8) fiscal year of salary earnings;

138.8 ~~(10)~~ (9) total remittance amount including employee, employer, and additional
138.9 employer contributions;

138.10 ~~(11)~~ (10) reemployed annuitant salary under section 354.44, subdivision 5; and

138.11 ~~(12)~~ (11) other information as may be required by the executive director.

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

138.13 Sec. 5. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision
138.14 to read:

138.15 Subd. 4d. **Annual base salary reporting.** An employing unit must provide the
138.16 following data to the association on or before June 30 of each fiscal year:

138.17 (1) annual base salary, as defined in section 354.05, subdivision 41; and

138.18 (2) beginning and ending dates for the regular school work year.

138.19 **EFFECTIVE DATE.** This section is effective July 1, 2011.

138.20 Sec. 6. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

138.21 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not
138.22 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a
138.23 fine of \$5 per calendar day until the association receives the required data.

138.24 (b) If the annual base salary required to be reported under subdivision 4d has not
138.25 been settled or determined as of June 16, the fine commences if the annual base salary has
138.26 not been reported to the association within 14 days following the settlement date.

138.27 **EFFECTIVE DATE.** This section is effective July 1, 2011.

138.28 Sec. 7. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

138.29 Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,
138.30 the term "part-time teaching position" means a teaching position within the district in
138.31 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~
138.32 ~~prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount

of at least 30 percent, but not exceeding 80 percent of the compensation established by the board for a full-time teacher with identical education and experience with the employing unit.

(b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time teaching position" means a teaching position within the district in which the teacher is ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount of at least 15 percent, but not exceeding 40 percent of the compensation established by the board for a full-time teacher, with identical education and experience with the employing unit.

EFFECTIVE DATE. This section is effective for service provided after June 30, 2012.

ARTICLE 8

MNSCU IRAP ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2008, section 11A.04, is amended to read:

11A.04 DUTIES AND POWERS.

The state board shall:

(1) Act as trustees for each fund for which it invests or manages money in accordance with the standard of care set forth in section 11A.09 if state assets are involved and in accordance with chapter 356A if pension assets are involved.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board must allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board are not subject to the Administrative Procedure Act.

(3) Employ an executive director as provided in section 11A.07.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

(9) Direct the commissioner of management and budget to sell property other than money that has escheated to the state when the board determines that sale of the property

is in the best interest of the state. Escheated property must be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(12) Except as otherwise provided in article XI, section 8, of the Constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs of employing private firms. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified board employees who are not covered by a collective bargaining agreement.

(15) Contract, as necessary, with the board of trustees of the Minnesota State Universities and Colleges System for the provision of investment review and selection services under section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

There is annually appropriated to the state board, from the assets of the funds for which the state board provides investment services, sums sufficient to pay the costs of all necessary expenses for the administration of the board. These sums will be deposited in the State Board of Investment operating account, which must be established by the commissioner of management and budget.

Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

Subdivision 1. **General governance.** The individual retirement account plan is the administrative responsibility of the Board of Trustees of the Minnesota State Colleges and Universities. The Board of Trustees of the Minnesota State Colleges and Universities

141.1 may administer the plan directly or may contract out for administrative services with a
141.2 qualified third-party plan administrative entity and may contract out for investment review
141.3 and selection service.

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

141.5 Sec. 3. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

141.6 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
141.7 under subdivision 2 must be selected by the board. The board may contract with the State
141.8 Board of Investment or with a third party to provide the investment review and selection
141.9 services. The board must not contract with a third party to provide the investment option
141.10 review and selection services if the third party markets, offers, or has other material
141.11 interest in investment products. The board must require any third party contracted to
141.12 provide investment review and selection services to disclose to the board any contracts
141.13 for services and any financial relationships it has with vendors under consideration to
141.14 provide investment products under the plan.

141.15 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
141.16 the following:

141.17 (1) the experience and ability of the financial institution to provide benefits and
141.18 products that are suited to meet the needs of plan participants;

141.19 (2) the relationship of those benefits and products provided by the financial
141.20 institution to their cost;

141.21 (3) the financial strength and stability of the financial institution; and

141.22 (4) the fees and expenses associated with the investment products in comparison to
141.23 other products of similar risk and rates of return.

141.24 (b) After selecting a financial institution, the ~~State board of Investment~~ must
141.25 periodically review each financial institution and the offered products. The periodic
141.26 review must occur at least every three years. In making its review, the ~~State board of~~
141.27 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
141.28 establish a budget for the cost of the periodic review process, and charge a proportional
141.29 share of these costs to the reviewed financial institution.

141.30 (c) Contracts with financial institutions under this section must be executed by the
141.31 board ~~and must be approved by the State Board of Investment before execution.~~

141.32 ~~(d) The State Board of Investment shall also establish policies and procedures under~~
141.33 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

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

Sec. 4. Minnesota Statutes 2008, section 354C.14, is amended to read:

354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall invest the deductions and contributions under section 354C.12, after deduction of administrative expenses under section 354C.12, subdivision 4, in annuity contracts or custodial accounts from financial institutions selected ~~by the State Board of Investment~~ under section 354B.25, subdivision 3.

(b) The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges and Universities are owned by the supplemental retirement plan and must be paid in accordance with those annuity contracts or custodial account agreements.

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

Sec. 5. **REPEALER.**

Minnesota Statutes 2008, section 354C.15, is repealed.

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

ARTICLE 9

ACTUARIAL VALUATION REPORTING DEADLINE DATES

Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the completed valuation must be delivered to the executive director of the Legislative Commission on Pensions and Retirement, to the commissioner of management and budget, and to the Legislative Reference Library. The copies of the actuarial valuation must be filed with the executive director of the Legislative Commission on Pensions and Retirement, the commissioner of management and budget, and the Legislative Reference Library no later than the last day of the sixth month occurring after the end of the previous fiscal year.

(c) Two copies of a quadrennial experience study must be filed with the executive director of the Legislative Commission on Pensions and Retirement, with the commissioner of management and budget, and with the Legislative Reference Library, not later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

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

ARTICLE 10

EARLY RETIREMENT INCENTIVE MODIFICATIONS

Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early retirement incentive in this section to an employee who:

(1) has at least 15 years of ~~allowable service in one or more of the funds listed in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual retirement account plan governed by chapter 354B~~ employment as indicated in the personnel records of the applicable employing unit and upon retirement is immediately eligible for a retirement annuity or benefit from one or more ~~of these funds~~ retirement plan governed by chapter 354B, or section 356.30;

(2) terminates service after the effective date of this section, and before ~~July 15, 2009~~ October 1, 2012; and

(3) is not in receipt of a public retirement plan retirement annuity, retirement allowance, or service pension during the month preceding the termination of qualified employment; and

(4) has not been eligible to receive a retirement annuity for a period longer than ten years.

(b) An eligible appointing authority is any Minnesota governmental employing unit which employs one or more employees with retirement coverage by a retirement plan listed in section 356.30 by virtue of that employment.

(c) An elected official is not eligible to receive an incentive under this section.

(d) Employees of the Minnesota State Colleges and Universities System who participate in the incentive program under section 136F.481 are not eligible for the incentive under this section.

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

Sec. 2. Minnesota Statutes 2009 Supplement, section 356.351, subdivision 2, is amended to read:

144.1 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, if for
144.2 whom an early retirement incentive is approved under paragraph (b), and who terminates
144.3 employment as provided for in the agreement, the employer may provide an amount up to
144.4 \$17,000, to an employee who terminates service, to:

144.5 (1) a severance amount in lieu of and not to exceed the maximum amount of regular
144.6 state-provided unemployment compensation for that particular person if the person had
144.7 been laid off; and

144.8 (2) an additional severance amount not to exceed the amount of the employer's
144.9 contribution for health insurance, dental insurance, and basic life insurance that would
144.10 have been payable to the particular person under the applicable collective bargaining
144.11 agreement or personnel policy at the time of termination.

144.12 (b) The severance amounts under paragraph (a) must be used:

144.13 (1) unless the appointing authority has designated the use under clause (2) or the use
144.14 under clause (3) for the initial retirement incentive applicable to that employing entity
144.15 under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account
144.16 in the health care savings plan established by section 352.98;

144.17 (2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,
144.18 whichever applies, if the appointing authority has designated the use under this clause
144.19 for the initial retirement incentive applicable to that employing entity under Laws 2007,
144.20 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service
144.21 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph
144.22 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph
144.23 (b), whichever applies; or

144.24 (3) if the appointing authority has designated the use under this clause for the initial
144.25 retirement incentive applicable to the employing entity under Laws 2007, chapter 134,
144.26 after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number
144.27 of years from the applicable retirement plan to provide additional benefits, as provided in
144.28 paragraph (d).

144.29 ~~(b)~~ (c) Approval to provide the incentive must be obtained from the commissioner
144.30 of finance if the eligible employee is a state employee and must be obtained from the
144.31 applicable governing board with respect to any other employing entity. An employee is
144.32 eligible for the payment under paragraph ~~(a)~~ (b), clause (2), if the employee uses money
144.33 from a deferred compensation account that, combined with the payment under paragraph
144.34 ~~(a)~~ (b), clause (2), would be sufficient to purchase enough service credit to qualify for
144.35 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;

145.1 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever
145.2 applies.

145.3 ~~(e)~~ (d) The cost to purchase service credit under paragraph ~~(a)~~ (b), clause (2), must
145.4 be made in accordance with section 356.551.

145.5 ~~(d)~~ (e) An annuity purchase under paragraph ~~(a)~~ (b), clause (3), must be made
145.6 using annuity factors, as determined by the actuary retained under section 356.214,
145.7 derived from the applicable factors used by the applicable retirement plan to calculate
145.8 optional annuity forms. The purchased annuity must be the actuarial equivalent of the
145.9 incentive amount.

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

145.11 Sec. 3. Laws 2006, chapter 271, article 3, section 43, as amended by Laws 2007,
145.12 chapter 134, article 11, section 11, the effective date, is amended to read:

145.13 **EFFECTIVE DATE.** ~~(a)~~ This section is effective the day following final enactment.

145.14 ~~(b) This section expires on July 15, 2009.~~

145.15 **EFFECTIVE DATE.** This section is effective retroactively from July 2, 2009.

145.16 **ARTICLE 11**

145.17 **OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN**
145.18 **MARRIAGE DISSOLUTIONS**

145.19 Section 1. **[356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO**
145.20 **MARRIAGE DISSOLUTION OR ANNULMENT.**

145.21 Subdivision 1. Covered plans. This section applies to the following retirement
145.22 plans:

145.23 (1) the general state employees retirement plan of the Minnesota State Retirement
145.24 System established under chapter 352;

145.25 (2) the correctional state employees retirement plan of the Minnesota State
145.26 Retirement System established under chapter 352;

145.27 (3) the State Patrol retirement plan established under chapter 352B;

145.28 (4) the unclassified state employees retirement program of the Minnesota State
145.29 Retirement System established under chapter 352D;

145.30 (5) the general employee retirement plan of the Public Employees Retirement
145.31 Association established under chapter 353;

(6) the public employees police and fire retirement plan established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(8) the Teachers Retirement Association established under chapter 354; and

(9) the uniform judicial retirement plan established under chapter 490.

Subd. 2. **Treatment.** (a) The treatment specified in this section applies if, after the accrual date of an annuity or benefit from an applicable plan or plans, a marriage dissolution decree or annulment decree is rendered that specifies that the designation of an optional annuity must be revoked and if the other requirements specified in this section are satisfied.

(b) Notwithstanding any law to the contrary, if the applicable pension plan or plans have provisions of law that revise the monthly benefit amount payable to the primary annuitant upon the death of the individual named as the optional joint annuitant, the monthly benefit amount must be recomputed as though the individual that had been named as the optional joint annuitant died on the date a certified copy of the marriage dissolution or annulment decree is received by the chief administrative officer. Payment of any benefit adjustment under this section is prospective only.

Subd. 3. **Restrictions.** (a) This section does not apply if the marriage dissolution decree or annulment decree is not consistent with the requirements under section 518.58.

(b) The pension plan benefit recipient must not designate, and the court may not require that the member designate, a subsequent optional annuity beneficiary.

(c) This section does not apply if more than one surviving individual was named as an optional joint annuitant.

Subd. 4. **Submission of documentation.** To receive the treatment provided in this section, an eligible retiree or disabilitant must provide, to the chief administrative officer of the applicable pension plan, a certified copy of the marriage dissolution or annulment decree. The retiree or disabilitant and the joint annuitant must also submit a form, prescribed by the chief administrative officer of the applicable pension plan and signed by both individuals, requesting the annuity bounce back as provided in subdivision 2. The individuals must also provide any other documentation the chief administrative officer may request.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to any marriage dissolution decree or annulment decree requiring the revocation of an optional annuity form granted at any time prior to the date of enactment.

Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds that it is necessary to preserve the marital assets of the parties, the court may order the sale of the homestead of the parties or the sale of other marital assets, as the individual circumstances may require, during the pendency of a proceeding for a dissolution of marriage or an annulment. If the court orders a sale, it may further provide for the disposition of the funds received from the sale during the pendency of the proceeding. ~~If liquid or readily liquidated marital property other than property representing vested pension benefits or rights is available, the court, so far as possible, shall divide the property representing vested pension benefits or rights by the disposition of an equivalent amount of the liquid or readily liquidated property.~~

(b) The court may order a partial distribution of marital assets during the pendency of a proceeding for a dissolution of marriage or an annulment for good cause shown or upon the request of both parties, provided that the court shall fully protect the interests of the other party.

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

Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

Subd. 4. **Pension plans.** (a) The division of marital property that represents pension plan benefits or rights in the form of future pension plan payments:

(1) is payable only to the extent of the amount of the pension plan benefit payable under the terms of the plan;

(2) is not payable for a period that exceeds the time that pension plan benefits are payable to the pension plan benefit recipient;

(3) is not payable in a lump-sum amount from defined benefit pension plan assets attributable in any fashion to a spouse with the status of an active member, deferred retiree, or benefit recipient of a pension plan;

(4) if the former spouse to whom the payments are to be made dies prior to the end of the specified payment period with the right to any remaining payments accruing to an estate or to more than one survivor, is payable only to a trustee on behalf of the estate or the group of survivors for subsequent apportionment by the trustee; and

(5) in the case of defined benefit public pension plan benefits or rights, may not commence until the public plan member submits a valid application for a public pension plan benefit and the benefit becomes payable.

(b) The individual retirement account plans established under chapter 354B may provide in its plan document, if published and made generally available, for an alternative

marital property division or distribution of individual retirement account plan assets. If an alternative division or distribution procedure is provided, it applies in place of paragraph (a), clause (5).

(c) If liquid or readily liquidated marital property other than property representing vested pension benefits or rights is available, the court, so far as possible, shall divide the property representing vested pension benefits or rights by the disposition of an equivalent amount of the liquid or readily liquidated property.

(d) If sufficient liquid or readily liquidated marital property other than property representing vested pension benefits or rights is not available, the court may order the revocation of the designation of an optional annuity beneficiary in pension plans specified in section 356.48 or in any other pension plan in which plan-governing law or governing documents allow revocation of an optional annuity in marital dissolution or annulment situations.

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

(b) This section applies retroactively, for plans specified in section 365.48, to any marriage dissolution decree or annulment decree requiring the revocation of an optional annuity form granted at any time prior to the date of enactment.

ARTICLE 12

ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) Public employees whose salary from employment in one or more positions within one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary is less than \$425 in a subsequent month, the employee retains membership eligibility. Eligible public employees shall participate as members of the association with retirement coverage by the ~~public general~~ employees retirement plan ~~or under this chapter~~, the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

(b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) Public employees under paragraph (a) include:

(1) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(2) full-time employees of the Dakota County Agricultural Society; and

(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elect Public Employee Retirement Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** The following public employees are not eligible to participate as members of the association with retirement coverage by the ~~public~~ general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services for a governmental subdivision;

150.1 (4) except as otherwise specified in subdivision 12a, employees who are hired for
150.2 a temporary position as defined under subdivision 12a, and employees who resign from
150.3 a nontemporary position and accept a temporary position within 30 days in the same
150.4 governmental subdivision;

150.5 (5) employees who are employed by reason of work emergency caused by fire,
150.6 flood, storm, or similar disaster;

150.7 (6) employees who by virtue of their employment in one governmental subdivision
150.8 are required by law to be a member of and to contribute to any of the plans or funds
150.9 administered by the Minnesota State Retirement System, the Teachers Retirement
150.10 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
150.11 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund,~~ or any police
150.12 or firefighters relief association governed by section 69.77 that has not consolidated
150.13 with the Public Employees Retirement Association, or any local police or firefighters
150.14 consolidation account who have not elected the type of benefit coverage provided by the
150.15 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
150.16 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
150.17 police and fire plan benefit coverage. This clause must not be construed to prevent a person
150.18 from being a member of and contributing to the Public Employees Retirement Association
150.19 and also belonging to and contributing to another public pension plan or fund for other
150.20 service occurring during the same period of time. A person who meets the definition of
150.21 "public employee" in subdivision 2 by virtue of other service occurring during the same
150.22 period of time becomes a member of the association unless contributions are made to
150.23 another public retirement fund on the salary based on the other service or to the Teachers
150.24 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

150.25 (7) persons who are members of a religious order and are excluded from coverage
150.26 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
150.27 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
150.28 as amended through January 1, 1987, if no irrevocable election of coverage has been made
150.29 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

150.30 (8) employees of a governmental subdivision who have not reached the age of
150.31 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
150.32 basis at an accredited school, college, or university in an undergraduate, graduate, or
150.33 professional-technical program, or a public or charter high school;

150.34 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
150.35 interns who are serving in a degree or residency program in public hospitals or clinics;

151.1 (10) students who are serving in an internship or residency program sponsored
151.2 by an accredited educational institution;

151.3 (11) persons who hold a part-time adult supplementary technical college license who
151.4 render part-time teaching service in a technical college;

151.5 (12) except for employees of Hennepin County or Hennepin Healthcare System,
151.6 Inc., foreign citizens working for a governmental subdivision with a work permit of less
151.7 than three years, or an H-1b visa valid for less than three years of employment. Upon
151.8 notice to the association that the work permit or visa extends beyond the three-year period,
151.9 the foreign citizens must be reported for membership from the date of the extension;

151.10 (13) public hospital employees who elected not to participate as members of the
151.11 association before 1972 and who did not elect to participate from July 1, 1988, to October
151.12 1, 1988;

151.13 (14) except as provided in section 353.86, volunteer ambulance service personnel,
151.14 as defined in subdivision 35, but persons who serve as volunteer ambulance service
151.15 personnel may still qualify as public employees under subdivision 2 and may be members
151.16 of the Public Employees Retirement Association and participants in the ~~public~~ general
151.17 employees retirement fund or the public employees police and fire fund, whichever
151.18 applies, on the basis of compensation received from public employment service other than
151.19 service as volunteer ambulance service personnel;

151.20 (15) except as provided in section 353.87, volunteer firefighters, as defined in
151.21 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
151.22 provided that a person who is a volunteer firefighter may still qualify as a public
151.23 employee under subdivision 2 and may be a member of the Public Employees Retirement
151.24 Association and a participant in the ~~public~~ general employees retirement fund or the public
151.25 employees police and fire fund, whichever applies, on the basis of compensation received
151.26 from public employment activities other than those as a volunteer firefighter;

151.27 (16) pipefitters and associated trades personnel employed by Independent School
151.28 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
151.29 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
151.30 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
151.31 241, article 2, section 12;

151.32 (17) electrical workers, plumbers, carpenters, and associated trades personnel
151.33 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
151.34 who have retirement coverage under a collective bargaining agreement by the Electrical
151.35 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
151.36 or the Carpenters Local 87 pension plan who were either first employed after May 1,

152.1 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
152.2 chapter 461, article 7, section 5;

152.3 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
152.4 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
152.5 Independent School District No. 625, St. Paul, with coverage under a collective
152.6 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
152.7 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
152.8 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
152.9 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
152.10 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
152.11 Session chapter 10, article 10, section 6;

152.12 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
152.13 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
152.14 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
152.15 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

152.16 (20) employees who are hired after June 30, 2002, to fill seasonal positions under
152.17 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
152.18 days or less in each year of employment with the governmental subdivision;

152.19 (21) persons who are provided supported employment or work-study positions
152.20 by a governmental subdivision and who participate in an employment or industries
152.21 program maintained for the benefit of these persons where the governmental subdivision
152.22 limits the position's duration to three years or less, including persons participating in a
152.23 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
152.24 unemployment relief program where the training or work experience is not provided as a
152.25 part of, or for, future permanent public employment;

152.26 (22) independent contractors and the employees of independent contractors; and

152.27 (23) reemployed annuitants of the association during the course of that
152.28 reemployment.

152.29 Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
152.30 to read:

152.31 Subd. 47. **MERF division.** "MERF division" means the separate retirement plan
152.32 within the general employees retirement plan of the Public Employees Retirement
152.33 Association containing the applicable provisions of Minnesota Statutes 2008, chapter
152.34 422A.

153.1 Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
153.2 to read:

153.3 Subd. 48. **MERF division account.** "MERF division account" means the separate
153.4 account within the retirement fund of the general employees retirement fund of the
153.5 Public Employees Retirement Association in which the actuarial liabilities of the former
153.6 Minneapolis Employees Retirement Fund are held, and in which the assets of the former
153.7 Minneapolis Employees Retirement Fund are credited.

153.8 Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

153.9 **353.05 CUSTODIAN OF FUNDS.**

153.10 The commissioner of management and budget shall be ex officio treasurer of the
153.11 retirement funds of the association, including the MERF division, and the general bond of
153.12 the commissioner of management and budget to the state ~~shall~~ must be so conditioned
153.13 as to cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the
153.14 association received by the commissioner of management and budget ~~shall~~ must be set
153.15 aside in the state treasury to the credit of the proper fund or account. The commissioner
153.16 of management and budget shall transmit monthly to the executive director a detailed
153.17 statement of all amounts so received and credited to the ~~fund~~ funds, including the MERF
153.18 division. Payments out of the fund ~~shall~~ funds, including the MERF division, may only
153.19 be made only on warrants issued by the commissioner of management and budget, upon
153.20 abstracts signed by the executive director; provided that abstracts for investment may be
153.21 signed by the ~~secretary~~ executive director of the State Board of Investment.

153.22 Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

153.23 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

153.24 The executive director shall from time to time certify to the State Board of
153.25 Investment for investment such portions of the ~~retirement fund~~ funds of the association,
153.26 including the MERF division, as in ~~its~~ the director's judgment may not be required for
153.27 immediate use. The State Board of Investment shall thereupon invest and reinvest the sum
153.28 so certified, or transferred, in such securities as are duly authorized as legal investments
153.29 ~~for state employees retirement fund under section 11A.24 and shall have~~ has authority to
153.30 sell, convey, and exchange such securities and invest and reinvest the securities when it
153.31 deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~
153.32 executive director when such funds are needed for its purposes. All of the provisions
153.33 regarding accounting procedures and restrictions and conditions for the purchase and
153.34 sale of securities under chapter 11A must apply to the accounting, purchase and sale of

154.1 securities for the funds of the Public Employees Retirement fund Association, including
154.2 the MERF division.

154.3 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
154.4 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

154.5 **353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.**

154.6 Subdivision 1. **Income; disbursements.** There is a special fund known as the
154.7 "public general employees retirement fund," the "retirement fund," or the "fund," which
154.8 must include all the assets of the general employees retirement plan of the association.
154.9 This fund must be credited with all contributions, all interest and all other income of the
154.10 general employees retirement plan of the Public Employees Retirement Association that
154.11 are authorized by law. From this fund there is appropriated the payments authorized by
154.12 this chapter sections 353.01 to 353.46 in the amounts and at such time provided herein,
154.13 including the expenses of administering the general employees retirement plan and fund.

154.14 Subd. 1a. **MERF division account established; revenue and disbursements.** The
154.15 MERF division account is established as a special account. The MERF division account
154.16 includes all of the assets of the former Minneapolis Employees Retirement Fund that
154.17 were transferred to the administration of the Public Employees Retirement Association
154.18 under section 353.50. The special account is credited with the contributions under
154.19 section 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision
154.20 3, investment performance on the special account assets, and all other income of the
154.21 MERF division authorized by law. The payments of annuities and benefits authorized by
154.22 Minnesota Statutes 2008, chapter 422A, in the amounts and at the times provided in
154.23 that chapter, and the administrative expenses of the MERF division are appropriated
154.24 from the special account.

154.25 Subd. 2. **General employees retirement plan; employee contribution.** (a) For
154.26 a basic member of the general employees retirement plan of the Public Employees
154.27 Retirement Association, the employee contribution is 9.10 percent of salary. For a
154.28 coordinated member of the general employees retirement plan of the Public Employees
154.29 Retirement Association, the employee contribution is six percent of salary plus any
154.30 contribution rate adjustment under subdivision 3b.

154.31 (b) These contributions must be made by deduction from salary as defined in section
154.32 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
154.33 member's salary is paid from other than public funds, the member's employee contribution
154.34 must be based on the total salary received by the member from all sources.

Subd. 3. **General employees retirement plan; employer contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is 9.10 percent of salary. For a coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is six percent of salary plus any contribution rate adjustment under subdivision 3b.

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

Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution to the general employees retirement fund of the Public Employees Retirement Association must be made equal to the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Effective before January 1, 2006	2.68	.43
Effective January 1, 2006	2.68	.50
Effective January 1, 2009	2.68	.75
Effective January 1, 2010	2.68	1.00

These contributions must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

(b) The coordinated program contribution rates set forth in paragraph (a) effective for ~~January 1, 2009, or~~ January 1, 2010, must not be implemented if, following receipt of the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports~~ report under section 356.215, respectively, the actuarially required contributions are equal to or less than the total rates under this section in effect as of January 1, 2008.

(c) This subdivision is repealed once the actuarial value of the assets of the general employees retirement plan of the Public Employees Retirement Association equal or exceed the actuarial accrued liability of the plan as determined by the actuary retained under sections 356.214 and 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

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

(a) For purposes of this section, a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the

156.1 retirement plan prepared by the actuary retained under section 356.214 and prepared under
156.2 section 356.215 and the standards for actuarial work of the Legislative Commission on
156.3 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
156.4 the total of the employee contributions under subdivision 2, the employer contributions
156.5 under subdivision 3, the additional employer contribution under subdivision 3a, and any
156.6 additional contribution previously imposed under this subdivision is less than the total
156.7 of the normal cost, the administrative expenses, and the amortization contribution of the
156.8 general employees retirement plan as reported in the most recent actuarial valuation of the
156.9 retirement plan prepared by the actuary retained under section 356.214 and prepared under
156.10 section 356.215 and the standards for actuarial work of the Legislative Commission on
156.11 Pensions and Retirement.

156.12 (b) Employee and employer contributions to the general employees retirement plan
156.13 under subdivisions 2 and 3 must be adjusted:

156.14 (1) if, after July 1, 2010, the regular actuarial valuations of the general employees
156.15 retirement plan of the Public Employees Retirement Association under section 356.215
156.16 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater
156.17 than 0.5 percent of covered payroll for two consecutive years, the coordinated program
156.18 employee and employer contribution rates must be decreased as determined under
156.19 paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of
156.20 covered payroll based on the most recent actuarial valuation; or

156.21 (2) if, after July 1, 2010, the regular actuarial valuations of the general employees
156.22 retirement plan of the Public Employees Retirement Association under section 356.215
156.23 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for
156.24 two consecutive years, the coordinated program employee and employer contribution rates
156.25 must be increased as determined under paragraph (c) to a level such that no deficiency
156.26 exists based on the most recent actuarial valuation.

156.27 (c) The general employees retirement plan contribution rate increase or decrease
156.28 must be determined by the executive director of the Public Employees Retirement
156.29 Association, must be reported to the chair and the executive director of the Legislative
156.30 Commission on Pensions and Retirement on or before the next February 1, and, if the
156.31 Legislative Commission on Pensions and Retirement does not recommend against the rate
156.32 change or does not recommend a modification in the rate change, is effective on the
156.33 next July 1 following the determination by the executive director that a contribution
156.34 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
156.35 recent actuarial valuations under section 356.215. If the actuarially required contribution
156.36 of the general employees retirement plan exceeds or is less than the total support provided

by the combined employee and employer contribution rates by more than 0.5 percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates must be adjusted incrementally over one or more years to a level such that there remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

(d) No incremental adjustment may exceed 0.25 percent for either the general employees retirement plan coordinated program employee and employer contribution rates per year in which any adjustment is implemented. A general employees retirement plan contribution rate adjustment under this subdivision must not be made until at least two years have passed since fully implementing a previous adjustment under this subdivision.

(e) The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made without the inclusion of the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division.

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

(a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan under this chapter and remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 14 calendar days. The head of each department or the person's designee shall for each pay period submit to the association a salary deduction report in the format prescribed by the executive director. Data required to be submitted as part of salary deduction reporting must include, but are not limited to:

- (1) the legal names and Social Security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;
- (4) the beginning and ending dates of the payroll period covered and the date of actual payment; and
- (5) adjustments or corrections covering past pay periods.

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan in the format prescribed by the executive director. The required enrollment data on new employees must be submitted to the association prior to or concurrent with the

submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

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

Subd. 7. Adjustment for erroneous receipts or disbursements. (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan for a person, who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may continue membership in the association while employed in the same position for which erroneous deductions were taken, or file a written election to terminate membership and apply for a refund upon termination of public service or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, the association shall remove all invalid service and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

159.1 (c) Adjustments to correct employer contributions and employee deductions taken
159.2 in error from amounts which are not salary under section 353.01, subdivision 10, must
159.3 be made as specified in paragraph (e). The period of adjustment must be limited to the
159.4 fiscal year in which the error is discovered by the association and the immediate two
159.5 preceding fiscal years.

159.6 (d) If there is evidence of fraud or other misconduct on the part of the employee or
159.7 the employer, the board of trustees may authorize adjustments to the account of a member
159.8 or former member to correct erroneous employee deductions and employer contributions
159.9 on invalid salary and the recovery of any overpayments for a period longer than provided
159.10 for under paragraph (c).

159.11 (e) Upon discovery of the receipt of erroneous employee deductions and employer
159.12 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
159.13 the employer to discontinue the erroneous employee deductions and erroneous employer
159.14 contributions reported on behalf of a member. Upon discontinuation, the association must:

159.15 (1) for a member, provide a refund or credit to the employer in the amount of the
159.16 invalid employee deductions with interest on the invalid employee deductions at the rate
159.17 specified under section 353.34, subdivision 2, from the received date of each invalid salary
159.18 transaction through the date the credit or refund is made; and the employer must pay the
159.19 refunded employee deductions plus interest to the member;

159.20 (2) for a former member who:

159.21 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
159.22 deductions to the former member through a refund with interest at the rate specified under
159.23 section 353.34, subdivision 2, from the received date of each invalid salary transaction
159.24 through the date the credit or refund is made; or

159.25 (ii) is receiving a retirement annuity or disability benefit, or a person who is
159.26 receiving an optional annuity or survivor benefit, for whom it has been determined an
159.27 overpayment must be recovered, adjust the payment amount and recover the overpayments
159.28 as provided under this section; and

159.29 (3) return the invalid employer contributions reported on behalf of a member or
159.30 former member to the employer by providing a credit against future contributions payable
159.31 by the employer.

159.32 (f) In the event that a salary warrant or check from which a deduction for the
159.33 retirement fund was taken has been canceled or the amount of the warrant or check
159.34 returned to the funds of the department making the payment, a refund of the sum
159.35 deducted, or any portion of it that is required to adjust the deductions, must be made
159.36 to the department or institution.

160.1 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
160.2 is within the limitation period specified in paragraph (c), and an overpayment has resulted
160.3 by using invalid service or salary, or due to any erroneous calculation procedure, the
160.4 association must recalculate the annuity or benefit payable and recover any overpayment
160.5 as provided under subdivision 7b.

160.6 (h) Notwithstanding the provisions of this subdivision, the association may apply
160.7 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
160.8 Compliance Resolution System and not issue a refund of erroneous employee deductions
160.9 and employer contributions or not recover a small overpayment of benefits if the cost to
160.10 correct the error would exceed the amount of the member refund or overpayment.

160.11 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
160.12 failure by an employer to follow the statutory requirements for reporting eligible members
160.13 and salary must be paid by the employer.

160.14 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
160.15 deductions and employer contributions under this section, section 353.50, 353.65, or
160.16 353E.03 were erroneously transmitted to the association, but should have been transmitted
160.17 to another Minnesota public pension plan, the executive director shall transfer the
160.18 erroneous employee deductions and employer contributions to the appropriate retirement
160.19 fund or individual account, as applicable, without interest. The time limitations specified
160.20 in subdivisions 7 and 12 do not apply.

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

160.24 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
160.25 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
160.26 Code, as amended, must not be made by the executive director of the association. Within
160.27 30 days after being notified by the Public Employees Retirement Association of an
160.28 unmade potential transfer under this paragraph, the employer of the affected person
160.29 must transmit an amount representing the applicable salary deductions and employer
160.30 contributions, without interest, to the retirement fund of the appropriate Minnesota public
160.31 pension plan, or to the applicable individual account if the proper coverage is by a defined
160.32 contribution plan. The association must provide the employing unit a credit for the amount
160.33 of the erroneous salary deductions and employer contributions against future contributions
160.34 from the employer. If the employing unit receives a credit under this paragraph, the
160.35 employing unit is responsible for refunding to the applicable employee any amount that
160.36 had been erroneously deducted from the person's salary.

Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the association must determine the amount of the employee deductions taken in error on the invalid salary, with interest determined in the manner provided for a former member under subdivision 7, paragraph (e), clause (2), item (i), and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

(b) If the invalid employee deductions plus interest exceed the amount of the overpaid benefits, the balance must be refunded to the person to whom the benefit or annuity is being paid.

(c) Any invalid employer contributions reported on the invalid salary must be credited to the employer as provided in subdivision 7, paragraph (e).

(d) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and a joint and survivor optional annuity is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary.

(e) If the association finds that a refund has been overpaid to a former member, beneficiary or other person, the amount of the overpayment must be recovered for the benefit of the respective retirement fund or account.

(f) The board of trustees shall adopt policies directing the period of time and manner for the collection of any overpaid retirement or optional annuity, and survivor or disability benefit, or a refund that the executive director determines must be recovered as provided under this section.

Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan under this chapter or chapter 353E may be taken from the salary of a person who is employed by a governmental subdivision under section 353.01, subdivision 6, and who is receiving disability benefit payments from any plan under this chapter or chapter 353E unless the person waives the right to further disability benefit payments.

Subd. 8. **District court reporters; salary deductions.** Deductions from the salary of a district court reporter in a judicial district consisting of two or more counties ~~shall~~ must be made by the auditor of the county in which the bond and official oath of such district court reporter are filed, from the portion of salary paid by such county.

162.1 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
162.2 elected officer of a governmental subdivision who was or is a "public employee" within
162.3 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
162.4 retirement plan of the Public Employees Retirement Association and whose salary
162.5 was or is paid in whole or in part from revenue derived by fees and assessments, shall
162.6 pay employee contribution in the amount, at the time, and in the manner provided in
162.7 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
162.8 The employer contribution as provided in subdivision 3, and the additional employer
162.9 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
162.10 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive
162.11 and prospective application as to all such members; and every employing governmental
162.12 subdivision is deemed liable, retroactively and prospectively, for all employer and
162.13 additional employer contributions for every such member of the general employees
162.14 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
162.15 in all respects by section 353.28.

162.16 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
162.17 furnish the executive director with an exclusion report listing only those employees in
162.18 potentially ~~PERA-eligible~~ PERA general employees retirement plan-eligible positions
162.19 who were not reported as members of the ~~association~~ general employees retirement plan
162.20 and who worked during the school year for school employees and calendar year for
162.21 nonschool employees. The department head must certify the accuracy and completeness
162.22 of the exclusion report to the association. The executive director shall prescribe the
162.23 manner and forms, including standardized exclusion codes, to be used by a governmental
162.24 subdivision in preparing and filing exclusion reports. The executive director shall also
162.25 check the exclusion report to ascertain whether any omissions have been made by a
162.26 department head in the reporting of new public employees for membership. The executive
162.27 director may delegate an association employee under section 353.03, subdivision 3a,
162.28 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
162.29 governmental subdivision.

162.30 Subd. 11. **Employers; required to furnish requested information.** (a) All
162.31 governmental subdivisions shall furnish promptly such other information relative to the
162.32 employment status of all employees or former employees, including, but not limited to,
162.33 payroll abstracts pertaining to all past and present employees, as may be requested by the
162.34 executive director, including schedules of salaries applicable to various categories of
162.35 employment.

(b) In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the executive director. If the association is provided a schedule of estimated earnings, the executive director is authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the general employees retirement fund plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan. If estimates are not furnished by the employer at the request of the executive director, the executive director may estimate the obligations of the employee and employer to the general employees retirement fund, the public employees police and fire retirement plan, or the local government correctional employees retirement plan based upon those records that are in its possession.

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent

164.1 compounded annually, from the date or dates each omitted employee contribution was
164.2 first payable.

164.3 (d) An employer shall not hold an employee liable for omitted employee deductions
164.4 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
164.5 those employee deductions paid by the employer on behalf of the employee. Omitted
164.6 deductions due under paragraph (c) which are not paid by the employee constitute a
164.7 liability of the employer that failed to deduct the omitted deductions from the employee's
164.8 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
164.9 compounded annually. Omitted employee deductions are no longer due if an employee
164.10 terminates public service before making payment of omitted employee deductions to
164.11 the association, but the employer remains liable to pay omitted employer contributions
164.12 plus interest at an annual rate of 8.5 percent compounded annually from the date the
164.13 contributions were first payable.

164.14 (e) The association may not commence action for the recovery of omitted employee
164.15 deductions and employer contributions after the expiration of three calendar years after
164.16 the calendar year in which the contributions and deductions were omitted. Except as
164.17 provided under paragraph (b), no payment may be made or accepted unless the association
164.18 has already commenced action for recovery of omitted deductions. An action for recovery
164.19 commences on the date of the mailing of any written correspondence from the association
164.20 requesting information from the governmental subdivision upon which to determine
164.21 whether or not omitted deductions occurred.

164.22 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
164.23 who was a member of the general employees retirement plan of the Public Employees
164.24 Retirement Association, the public employees police and fire retirement plan, or the local
164.25 government correctional employees retirement plan and who has a period of employment
164.26 in which previously omitted employer contributions were made under subdivision 12
164.27 but for whom no, or only partial, omitted employee contributions have been made, or
164.28 a member who had prior coverage in the association for which previously omitted
164.29 employer contributions were made under subdivision 12 but who terminated service
164.30 before required omitted employee deductions could be withheld from salary, may pay the
164.31 omitted employee deductions for the period on which omitted employer contributions
164.32 were previously paid plus interest at an annual rate of 8.5 percent compounded annually.
164.33 A terminated employee may pay the omitted employee deductions plus interest within six
164.34 months of an initial notification from the association of eligibility to pay those omitted
164.35 deductions. If a terminated employee is reemployed in a position covered under a public
164.36 pension fund under section 356.30, subdivision 3, and elects to pay omitted employee

deductions, payment must be made no later than six months after a subsequent termination of public service.

Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted from salary adjustments or final salary of a terminated employee who was a member of the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who is immediately eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer additional contributions plus interest on both the employer and employee amounts due at an annual rate of 8.5 percent compounded annually. The employee shall pay the employee deductions within six months of an initial notification from the association of eligibility to pay omitted deductions or the employee forfeits the right to make the payment.

Subd. 13. **Certain warrants canceled.** A warrant payable from the general employees retirement fund, the public employees police and fire retirement fund, or the local government correctional retirement fund remaining unpaid for a period of six months must be canceled into the applicable retirement fund and not canceled into the state's general fund.

Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association with respect to the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional retirement plan, that employer and its employees are subject to the requirements of subdivision 12, effective retroactively to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551. Notwithstanding any provision of section 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a service credit purchase amount may be made anytime before the termination of public service.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution retirement plan, other than a volunteer firefighters relief association. If this paragraph

166.1 applies, an individual is prohibited from purchasing service credit from a Public Employees
166.2 Retirement Association plan for any period or periods specified in paragraph (a).

166.3 Sec. 8. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

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

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

166.12 (c) An individual who terminates public service covered by the Public Employees
166.13 Retirement Association general employees retirement plan, the MERF division, the
166.14 Public Employees Retirement Association police and fire retirement plan, or the public
166.15 employees local government corrections service retirement plan, and who is employed
166.16 by a different employer and who becomes an active member covered by one of the other
166.17 two plans, may receive a refund of employee contributions plus six percent interest
166.18 compounded annually from the plan from which the member terminated service.

166.19 Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

166.20 Subd. 6. **Additions to fund.** The board of trustees may credit to the general
166.21 employees retirement fund any ~~moneys~~ money received in the form of contributions,
166.22 donations, gifts, appropriations, bequests, or otherwise.

166.23 Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

166.24 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
166.25 for an annuity ~~under this chapter~~ from the general employees retirement plan of the Public
166.26 Employees Retirement Association, the public employees police and fire retirement plan,
166.27 or the local government correctional employees retirement plan must be suspended under
166.28 subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
166.29 annuity amount, if the person reenters public service as a nonelective employee of a
166.30 governmental subdivision in a position covered by this chapter or returns to work as an
166.31 employee of a labor organization that represents public employees who are association
166.32 members under this chapter and salary for the reemployment service exceeds the annual
166.33 maximum earnings allowable for that age for the continued receipt of full benefit amounts

167.1 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
167.2 the secretary of health and human services under United States Code, title 42, section 403,
167.3 in any calendar year. If the person has not yet reached the minimum age for the receipt
167.4 of Social Security benefits, the maximum salary for the person is equal to the annual
167.5 maximum earnings allowable for the minimum age for the receipt of Social Security
167.6 benefits.

167.7 (b) The provisions of paragraph (a) do not apply to the members of the MERF
167.8 division.

167.9 Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

167.10 Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on
167.11 the first of the month after the month in which the salary of the reemployed annuitant
167.12 described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1,
167.13 paragraph (a), based only on those months in which the annuitant is actually employed
167.14 in nonelective public service in a position covered under this chapter or employment
167.15 with a labor organization that represents public employees who are ~~association~~ members
167.16 of a retirement plan under this chapter or chapter 353E.

167.17 (b) An annuitant who is elected to public office after retirement may hold that office
167.18 and receive an annuity otherwise payable from a retirement plan administered by the
167.19 association.

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

167.21 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
167.22 of the annuity of a person who has not reached the retirement age by one-half of the
167.23 amount in excess of the applicable reemployment income maximum under subdivision
167.24 1, paragraph (a).

167.25 (b) There is no reduction upon reemployment, regardless of income, for a person
167.26 who has reached the retirement age.

167.27 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

167.28 Subd. 4. **Resumption of annuity.** The association shall resume paying a full
167.29 annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the
167.30 start of each calendar year until the salary exceeds the maximums under subdivision 1,
167.31 paragraph (a), or on the first of the month following the termination of the employment
167.32 which resulted in the suspension of the annuity. The executive director may adopt policies
167.33 regarding the suspension and reduction of annuities under this section.

Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

Subd. 5. **Effect on annuity.** Except as provided under this section, public service performed by an annuitant described in subdivision 1, paragraph (a), subsequent to retirement under this chapter from the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan does not increase or decrease the amount of an annuity. The annuitant shall not make any further contributions to ~~the association's~~ a defined benefit plan administered by the association by reason of this subsequent public service.

Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** The ~~right~~ entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, the Minneapolis Employees Retirement Fund division, the public employees police and fire retirement plan, or the local government correctional employees retirement plan to receive an annuity under the law in effect at the time ~~such~~ the person terminated public service is herein preserved; ~~provided, however,~~ the provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753 shall, apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.

Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

Subd. 6. **Computation of benefits for certain coordinated members.** Any coordinated member of the general employees retirement plan of the Public Employees Retirement Association who prior to, before July 1, 1979, was a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and who ~~prior to, before~~ prior to, before July 1, 1978, was a member of the basic program of the Minneapolis Municipal Employees Retirement Fund ~~shall~~:

~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the calculation of which ~~shall~~ must utilize the formula accrual rates specified in section 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~ before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision 3, for the remainder of credited service, both applied to the average salary as specified in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to be used in calculating the retirement annuity ~~shall~~ must recognize the service after July 1, 1978, as a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and after July 1, 1979, as a member of the

general employees retirement plan of the Public Employees Retirement Association as
a continuation of service rendered prior to before July 1, 1978. The annuity amount
attributable to service as a member of the basic program of the former Minneapolis
Municipal Employees Retirement Fund shall be is payable by from the Minneapolis
Employees Retirement Fund MERF division and the annuity amount attributable to all
other service shall be is payable by from the general employees retirement fund of the
Public Employees Retirement Association;

~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~
~~by the Public Employees Retirement Association, if the member has or would, without~~
~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
~~amount attributable to service as a member of the basic program of the Minneapolis~~
~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
~~payable by the Public Employees Retirement Association.~~

Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
AND OPERATION.

Subdivision 1. Administrative consolidation. (a) Notwithstanding any provision
of this chapter or chapter 422A to the contrary, the administration of the Minneapolis
Employees Retirement Fund as the MERF division is transferred to the Public Employees
Retirement Association board of trustees. The assets, service credit, and benefit liabilities
of the Minneapolis Employees Retirement Fund transfer to the MERF division account
within the general employees retirement plan of the Public Employees Retirement
Association established by section 353.27, subdivision 1a, on July 1, 2010.

(b) The creation of the MERF division must not be construed to alter the Social
Security or Medicare coverage of any member of the former Minneapolis Employees
Retirement Fund on June 29, 2010, while the person is employed in a position covered
under the MERF division of the Public Employees Retirement Association.

Subd. 2. Membership transfer. Effective June 30, 2010, the active, inactive, and
retired members of the Minneapolis Employees Retirement Fund are transferred to the

MERF division administered by the Public Employees Retirement Association and are no longer members of the Minneapolis Employees Retirement Fund.

Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service credit and salary credit of the members of the Minneapolis Employees Retirement Fund as specified in the records of the Minneapolis Employees Retirement Fund through June 30, 2010, are transferred to the MERF division of the Public Employees Retirement Association and are credited by the MERF division. Annuities or benefits of persons who are active members of the former Minneapolis Employees Retirement Fund on June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic postretirement adjustments after December 31, 2010, under section 356.415.

(b) The liability for the payment of annuities and benefits of the Minneapolis Employees Retirement Fund retirees and benefit recipients as specified in the records of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the MERF division of the Public Employees Retirement Association on June 30, 2010.

Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the Minneapolis Employees Retirement Fund shall transfer all records and documents relating to the Minneapolis Employees Retirement Fund and its benefit plan to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of the Minneapolis Employees Retirement Fund transfers to the State Board of Investment and the assets must be invested under section 11A.14, as assets of the MERF division of the Public Employees Retirement Association. The MERF division is the successor in interest to all claims that the former Minneapolis Employees Retirement Fund may have or may assert against any person and is the successor in interest to all claims which could have been asserted against the former Minneapolis Employees Retirement Fund, but the MERF division is not liable for any claim against the former Minneapolis Employees Retirement Fund, its former governing board, or its former administrative staff acting in a fiduciary capacity under chapter 356A or under common law, which is founded upon a claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach were not undertaken in good faith, the Public Employees Retirement Association may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Minneapolis Employees Retirement Fund, its former board, or its former administrative staff would otherwise have been entitled to assert, and the Public

Employees Retirement Association may assert any applicable defense that it has in its capacity as a statewide agency.

Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive Minneapolis Employees Retirement Fund members with that status as of June 30, 2010, with the exception of post-December 31, 2010, postretirement adjustments, which are governed by paragraph (b), as calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force after the administrative consolidation under this article.

(b) After December 31, 2010, annuities and benefits from the MERF division are eligible for annual automatic postretirement adjustments solely under section 356.415.

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

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

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

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

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

(1) the amount by which the total actuarial required contribution determined under section 356.215 by the approved actuary retained by the Public Employees Retirement

Association in the most recent actuarial valuation of the MERF division and based on a June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds \$24,000,000; or

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

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

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

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

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

Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized by an annuitant or retirement benefit recipient in writing on a form prescribed by the executive director of the Public Employees Retirement Association, the executive director shall deduct the dues for the Minneapolis Municipal Retirement Association from the person's annuity or retirement benefit. This dues deduction authority expires upon the eventual full consolidation of the MERF account under subdivision 8.

Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value of assets of the MERF division account equals or exceeds 80 percent of the actuarial accrued liability of the MERF division as calculated by the approved actuary retained by the Public Employees Retirement Association under section 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement, the MERF division must be merged with the general employees retirement plan of the Public Employees Retirement Association and the MERF division account ceases as a separate account within the general employees retirement fund of the Public Employees Retirement Association.

(b) If the market value of the MERF division account is less than 100 percent of the actuarial accrued liability of the MERF division under paragraph (a), the total employer contribution of employing units referenced in subdivision 7, paragraph (e), for the period after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment the remaining unfunded actuarial accrued liability of the former MERF division account on the full consolidation date by June 30, 2031, shall be calculated by the consulting actuary retained under section 356.214 using the applicable postretirement interest rate actuarial assumption for the general employees retirement plan under section 356.215. The actuarial accrued liability of the MERF division must be calculated using the healthy retired life mortality assumption applicable to the general employees retirement plan.

(c) The merger shall occur as of the first day of the first month after the date on which the triggering actuarial valuation report is filed with the executive director of the Legislative Commission on Pensions and Retirement.

(d) The executive director of the Public Employees Retirement Association shall prepare proposed legislation fully implementing the merger and updating the applicable provisions of chapters 353 and 356 and transmit the proposed legislation to the executive director of the Legislative Commission on Pensions and Retirement by the following February 15.

Subd. 9. **Merger of former MERF membership groups into PERA-general.** If provided for in an agreement between the board of trustees of the Public Employees Retirement Association and the governing board of an employing unit formerly with

retirement coverage provided for its employees by the former Minneapolis Employees Retirement Fund, an employing unit may transfer sufficient assets to the general employees retirement fund to cover the anticipated actuarial accrued liability for its current or former employees that is in excess of MERF division account assets attributable to those employees, have those employees be considered full members of the general employees retirement plan, and be relieved of any further contribution obligation to the general employees retirement plan for those employees under this section. Any agreement under this subdivision and any actuarial valuation report related to a merger under this subdivision must be submitted to the executive director of the Legislative Commission on Pensions and Retirement for comment prior to the final execution.

Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

Subd. 7. **Pension coverage for certain public safety employees of the Metropolitan Airports Commission.** Any person first employed as either a full-time firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June 30, 1978,~~ who is not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to municipal employees because that position is excluded from application ~~pursuant to~~ under Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a firefighter or a police officer within the meaning of this section. The Metropolitan Airports Commission shall make the employer contribution required ~~pursuant to~~ under section 353.65, subdivision 3, with respect to each of its firefighters or police officers covered by the public employees police and fire fund and shall meet the employers recording and reporting requirements set forth in section 353.65, subdivision 4.

Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0

175.1	State Patrol retirement plan	8.5	6.0
175.2	legislators retirement plan	8.5	6.0
175.3	elective state officers retirement plan	8.5	6.0
175.4	judges retirement plan	8.5	6.0
175.5	general public employees retirement plan	8.5	6.0
175.6	public employees police and fire retirement plan	8.5	6.0
175.7	local government correctional service retirement		
175.8	plan	8.5	6.0
175.9	teachers retirement plan	8.5	6.0
175.10	Minneapolis employees retirement plan	6.0	5.0
175.11	Duluth teachers retirement plan	8.5	8.5
175.12	St. Paul teachers retirement plan	8.5	8.5
175.13	Minneapolis Police Relief Association	6.0	6.0
175.14	Fairmont Police Relief Association	5.0	5.0
175.15	Minneapolis Fire Department Relief Association	6.0	6.0
175.16	Virginia Fire Department Relief Association	5.0	5.0
175.17	Bloomington Fire Department Relief Association	6.0	6.0
175.18	local monthly benefit volunteer firefighters relief		
175.19	associations	5.0	5.0

175.20 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
175.21 single rate future salary increase assumption, the applicable following modified single
175.22 rate future salary increase assumption, or the applicable following graded rate future
175.23 salary increase assumption:

175.24 (1) single rate future salary increase assumption

175.25		future salary
175.26	plan	increase assumption
175.27	legislators retirement plan	5.0%
175.28	judges retirement plan	4.0
175.29	Minneapolis Police Relief Association	4.0
175.30	Fairmont Police Relief Association	3.5
175.31	Minneapolis Fire Department Relief	
175.32	Association	4.0
175.33	Virginia Fire Department Relief Association	3.5
175.34	Bloomington Fire Department Relief	
175.35	Association	4.0

175.36 ~~(2) modified single rate future salary increase assumption~~

175.37		future salary
175.38	plan	increase assumption
175.39	Minneapolis employees	the prior calendar year amount increased
175.40	retirement plan	first by 1.0198 percent to prior fiscal year
175.41		date and then increased by 4.0 percent
175.42		annually for each future year

176.1 ~~(3)~~ (2) select and ultimate future salary increase assumption or graded rate future
176.2 salary increase assumption

176.3		future salary
176.4	plan	increase assumption
176.5	general state employees retirement plan	select calculation and
176.6		assumption A
176.7	correctional state employees retirement plan	assumption H
176.8	State Patrol retirement plan	assumption G
176.9	general public employees retirement plan	select calculation and
176.10		assumption B
176.11	public employees police and fire fund retirement plan	assumption C
176.12	local government correctional service retirement plan	assumption G
176.13	teachers retirement plan	assumption D
176.14	Duluth teachers retirement plan	assumption E
176.15	St. Paul teachers retirement plan	assumption F

176.16 The select calculation is: during the
176.17 designated select period, a designated
176.18 percentage rate is multiplied by the result of
176.19 the designated integer minus T, where T is the
176.20 number of completed years of service, and is
176.21 added to the applicable future salary increase
176.22 assumption. The designated select period is
176.23 five years and the designated integer is five
176.24 for the general state employees retirement
176.25 plan and the general public employees
176.26 retirement plan. The designated select period
176.27 is ten years and the designated integer is ten
176.28 for all other retirement plans covered by
176.29 this clause. The designated percentage rate
176.30 is: (1) 0.2 percent for the correctional state
176.31 employees retirement plan, the State Patrol
176.32 retirement plan, the public employees police
176.33 and fire plan, and the local government
176.34 correctional service plan; (2) 0.6 percent
176.35 for the general state employees retirement
176.36 plan and the general public employees
176.37 retirement plan; and (3) 0.3 percent for the
176.38 teachers retirement plan, the Duluth Teachers

177.1 Retirement Fund Association, and the St.
177.2 Paul Teachers Retirement Fund Association.
177.3 The select calculation for the Duluth Teachers
177.4 Retirement Fund Association is 8.00 percent
177.5 per year for service years one through seven,
177.6 7.25 percent per year for service years seven
177.7 and eight, and 6.50 percent per year for
177.8 service years eight and nine.

177.9 The ultimate future salary increase assumption is:

177.10	age	A	B	C	D	E	F	G	H
177.11	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
177.12	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
177.13	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
177.14	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
177.15	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
177.16	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
177.17	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
177.18	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
177.19	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
177.20	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
177.21	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
177.22	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
177.23	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
177.24	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
177.25	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
177.26	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
177.27	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
177.28	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
177.29	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
177.30	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
177.31	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
177.32	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
177.33	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
177.34	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
177.35	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
177.36	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
177.37	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
177.38	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
177.39	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
177.40	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
177.41	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
177.42	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375

178.1	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
178.2	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
178.3	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
178.4	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
178.5	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
178.6	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
178.7	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
178.8	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
178.9	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
178.10	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
178.11	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
178.12	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
178.13	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
178.14	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
178.15	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
178.16	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
178.17	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
178.18	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
178.19	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
178.20	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
178.21	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
178.22	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
178.23	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
178.24	71	4.25	4.00		5.20				

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

178.29		payroll growth
178.30	plan	assumption
178.31	general state employees retirement plan	4.50%
178.32	correctional state employees retirement plan	4.50
178.33	State Patrol retirement plan	4.50
178.34	legislators retirement plan	4.50
178.35	judges retirement plan	4.00
178.36	general public employees retirement plan	4.50
178.37	public employees police and fire retirement plan	4.50
178.38	local government correctional service retirement	
178.39	plan	4.50
178.40	teachers retirement plan	4.50
178.41	Duluth teachers retirement plan	4.50
178.42	St. Paul teachers retirement plan	5.00

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

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

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

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

179.8 Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
179.9 is amended to read:

179.10 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
179.11 the level normal cost, the actuarial valuation of the retirement plan must contain an
179.12 exhibit for financial reporting purposes indicating the additional annual contribution
179.13 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
179.14 for contribution determination purposes indicating the additional contribution sufficient
179.15 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
179.16 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
179.17 Retirement Association, the additional contribution must be calculated on a level
179.18 percentage of covered payroll basis by the established date for full funding in effect when
179.19 the valuation is prepared, assuming annual payroll growth at the applicable percentage
179.20 rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the
179.21 MERF division of the Public Employees Retirement Association, the additional annual
179.22 contribution must be calculated on a level annual dollar amount basis.

179.23 (b) For any retirement plan other than ~~the Minneapolis Employees Retirement Fund,~~
179.24 ~~the general employees a retirement plan of the Public Employees Retirement Association,~~
179.25 ~~and the St. Paul Teachers Retirement Fund Association~~ governed by paragraph (d), (e),
179.26 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used
179.27 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
179.28 governing annuities and benefits payable from the fund, a change in the actuarial cost
179.29 method used in calculating the actuarial accrued liability of all or a portion of the fund, or
179.30 a combination of the three, which change or changes by itself or by themselves without
179.31 inclusion of any other items of increase or decrease produce a net increase in the unfunded
179.32 actuarial accrued liability of the fund, the established date for full funding is the first
179.33 actuarial valuation date occurring after June 1, 2020.

179.34 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~
179.35 ~~Fund and the general employees retirement plan of the Public Employees Retirement~~

180.1 Association, if there has been a change in any or all of the actuarial assumptions used
180.2 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
180.3 governing annuities and benefits payable from the fund, a change in the actuarial cost
180.4 method used in calculating the actuarial accrued liability of all or a portion of the fund,
180.5 or a combination of the three, and the change or changes, by itself or by themselves and
180.6 without inclusion of any other items of increase or decrease, produce a net increase in the
180.7 unfunded actuarial accrued liability in the fund, the established date for full funding must
180.8 be determined using the following procedure:

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

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

180.16 (iii) the unfunded actuarial accrued liability of the fund must be determined in
180.17 accordance with any new plan provisions governing annuities and benefits payable from
180.18 the fund and any new actuarial assumptions and the remaining plan provisions governing
180.19 annuities and benefits payable from the fund and actuarial assumptions in effect before
180.20 the change;

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

180.27 (v) the level annual dollar or level percentage amortization contribution under item
180.28 (iv) must be added to the level annual dollar amortization contribution or level percentage
180.29 calculated under item (ii);

180.30 (vi) the period in which the unfunded actuarial accrued liability amount determined
180.31 in item (iii) is amortized by the total level annual dollar or level percentage amortization
180.32 contribution computed under item (v) must be calculated using the interest assumption
180.33 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
180.34 integral number of years, but not to exceed 30 years from the end of the plan year in
180.35 which the determination of the established date for full funding using the procedure set
180.36 forth in this clause is made and not to be less than the period of years beginning in the

181.1 plan year in which the determination of the established date for full funding using the
181.2 procedure set forth in this clause is made and ending by the date for full funding in effect
181.3 before the change; and

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

181.7 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
181.8 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
181.9 2031.

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

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

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

181.16 (h) For the judges retirement plan, the established date for full funding is June
181.17 30, 2038.

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

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

181.26 (k) For the retirement plans for which the annual actuarial valuation indicates an
181.27 excess of valuation assets over the actuarial accrued liability, the valuation assets in
181.28 excess of the actuarial accrued liability must be recognized as a reduction in the current
181.29 contribution requirements by an amount equal to the amortization of the excess expressed
181.30 as a level percentage of pay over a 30-year period beginning anew with each annual
181.31 actuarial valuation of the plan.

181.32 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

181.33 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph

181.34 (c), the state shall pay to the MERF division account of the Public Employees Retirement

182.1 Association with respect to the former Minneapolis Employees Retirement Fund annually
182.2 an amount equal to the amount calculated under paragraph (b).

182.3 (b) The payment amount is an amount equal to the financial requirements of the
182.4 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees
182.5 Retirement Association reported in the actuarial valuation of the fund general employees
182.6 retirement plan of the Public Employees Retirement Association prepared by the actuary
182.7 retained under section 356.214 consistent with section 356.215 for the most recent year
182.8 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
182.9 by June 30, 2020, 2031, less the amount of employee contributions required under section
182.10 422A.10 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
182.11 required under subdivisions 1a, 2, and 2a section 353.50, subdivision 7, paragraphs (c)
182.12 and (d). Payments shall must be made September 15 annually.

182.13 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
182.14 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
182.15 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
182.16 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
182.17 356.43, plus \$15,000,000 annually after June 30, 2012, and until June 30, 2031.

182.18 (d) Annually and after June 30, 2012, if the amount determined under paragraph
182.19 (b) exceeds \$9,000,000 the applicable maximum amount specified in paragraph (c),
182.20 the excess must be allocated to and paid to the fund by the employers identified in
182.21 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, other than units of
182.22 metropolitan government and 2a. Each employer's share of the excess is proportionate
182.23 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
182.24 the annual actuarial valuation prepared by the actuary retained under section 356.214
182.25 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
182.26 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
182.27 1a and 2, other than units of metropolitan government. Payments must be made in equal
182.28 installments as set forth in paragraph (b).

182.29 (e) State contributions under this section end on September 15, 2031, or on
182.30 September 1 following the first date on which the current assets of the MERF division
182.31 of the Public Employees Retirement Association equal or exceed the actuarial accrued
182.32 liability of the MERF division of the Public Employees Retirement Association,
182.33 whichever occurs earlier.

Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.

Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person whose employment by, or assumption of a position as an appointed or elected officer of, the city of Minneapolis, any of the boards, departments, or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the former Minneapolis Employees Retirement Fund, or Special School District Number 1 if the person is not a member of the ~~Minneapolis Teachers Retirement Fund~~ Association by virtue of that employment or position, initially commences on or after July 1, 1979 ~~shall be~~, is a member of the general employees retirement plan of the Public Employees Retirement Association unless excluded from membership pursuant to under section 353.01, subdivision 2b. ~~In no event shall there be any new members of the contributing class of the Minneapolis employees fund on or after July 1, 1979.~~

Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION ASSUMPTIONS.**

The approved actuary retained by the Minneapolis Employees Retirement Fund shall compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend to the approved actuary retained by the Public Employees Retirement Association and to the Legislative Commission on Pensions and Retirement the actuarial assumptions that the actuary believes would be appropriate for the MERF division portion of the actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association. Any actuarial assumption changes related to the MERF division must be approved under Minnesota Statutes, section 356.215, subdivision 18.

Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

(a) The administrative consolidation of the former Minneapolis Employees Retirement Fund into the general employees retirement plan of the Public Employees Retirement Association and the merger of the MERF division of the Public Employees Retirement Association into the general employees retirement plan of the Public Employees Retirement Association does not affect the function of the Minneapolis

184.1 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
184.2 of the retirement coverage for former members of the former Minneapolis Employees
184.3 Retirement Fund.

184.4 (b) Nothing in this article entitles the Minneapolis Municipal Retirement Association
184.5 to receive any revenue derived from taxes or obligates the Public Employees Retirement
184.6 Association to undertake any special duties with respect to the corporation.

184.7 Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

184.8 (a) Unless the employee elects the severance pay option under paragraph (c),
184.9 full-time employees of the Minneapolis Employees Retirement Fund first employed
184.10 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
184.11 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
184.12 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
184.13 official of the city of Minneapolis shall place the transferred employee in an appropriate
184.14 employment position based on the employee's education and employment experience.
184.15 Transferred employees must have their accumulated, but unused, vacation and sick leave
184.16 balances as of June 30, 2010, posted to the individual accounts with the new employer.
184.17 The transferred employees must receive length of service credit for time served with the
184.18 Minneapolis Employees Retirement Fund. The transferred employee must be given the
184.19 opportunity as of the date of transfer to be covered for all health and other insurance
184.20 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
184.21 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
184.22 present value of any accumulated unused vacation or sick leave balances as of the date
184.23 of transfer.

184.24 (b) Unless the employee elects the severance pay option under paragraph (c),
184.25 full-time employees of the Minneapolis Employees Retirement Fund first employed before
184.26 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
184.27 on June 29, 2010, with the employment title of accounting manager or accountant II are
184.28 transferred to employment by the Public Employees Retirement Association on July 1,
184.29 2010. The chief human relations official of the Public Employees Retirement Association
184.30 shall place the transferred employee in an appropriate employment position based on the
184.31 employee's education and employment experience. Transferred employees must have
184.32 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
184.33 posted to the individual accounts with the new employer. The transferred employees
184.34 must receive length of service credit for time served with the Minneapolis Employees
184.35 Retirement Fund. The transferred employee must be given the opportunity as of the

185.1 date of transfer to be covered for all health and other insurance benefits offered by the
185.2 new employer. Upon the transfer of the employee, the executive director of the Public
185.3 Employees Retirement Association shall deduct from any assets transferred under section
185.4 353.50 an amount equal to the present value of any accumulated unused vacation or sick
185.5 leave balances as of the date of transfer.

185.6 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
185.7 new employer unit is granted severance pay in an amount equivalent to one year of salary
185.8 based on the last annual salary rate received by the employee. The election must be
185.9 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
185.10 Minneapolis Employees Retirement Fund on June 30, 2010.

185.11 Sec. 26. **MINNEAPOLIS EMPLOYEES RETIREMENT FUND.**

185.12 \$10,000,000 in fiscal year 2010 is appropriated to the Minneapolis employees
185.13 retirement fund, and is payable to the Minneapolis employees retirement fund on or before
185.14 June 29, 2010. This is a onetime appropriation, and is in addition to the amounts paid by
185.15 the state in fiscal year 2010 under Minnesota Statutes, section 422A.101, subdivision 2.

185.16 Sec. 27. **REVISOR'S INSTRUCTION.**

185.17 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
185.18 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
185.19 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota
185.20 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
185.21 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

185.22 Sec. 28. **REPEALER.**

185.23 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
185.24 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
185.25 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
185.26 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
185.27 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
185.28 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
185.29 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;
185.30 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
185.31 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

185.32 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
185.33 422A.08, subdivision 5, are repealed.

Sec. 29. EFFECTIVE DATE.

(a) Sections 1 to 25, 27, and 28 are effective June 30, 2010.

(b) Section 26 is effective the day following final enactment.

ARTICLE 13

CONFORMING CHANGES RELATED TO THE MERF
ADMINISTRATIVE CONSOLIDATION

Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a political subdivision or a local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

Subd. 4. **Covered retirement funds and plans.** The provisions of this section ~~shall~~ apply to the following retirement funds and plans:

(1) Board of Trustees of the Minnesota State Colleges and Universities supplemental retirement plan established under chapter 354C;

(2) state employees retirement fund established pursuant to chapter 352;

(3) correctional employees retirement plan established pursuant to chapter 352;

(4) State Patrol retirement fund established pursuant to chapter 352B;

(5) unclassified employees retirement plan established pursuant to chapter 352D;

(6) ~~public~~ general employees retirement fund established pursuant to chapter 353;

(7) public employees police and fire fund established pursuant to chapter 353;

(8) teachers' retirement fund established pursuant to chapter 354;

(9) judges' retirement fund established pursuant to chapter 490; and

(10) any other funds required by law to be invested by the board.

Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

187.1 Subdivision 1. **In executive branch, local government.** All meetings, including
187.2 executive sessions, must be open to the public

187.3 (a) of a state

187.4 (1) agency,

187.5 (2) board,

187.6 (3) commission, or

187.7 (4) department,

187.8 when required or permitted by law to transact public business in a meeting;

187.9 (b) of the governing body of a

187.10 (1) school district however organized,

187.11 (2) unorganized territory,

187.12 (3) county,

187.13 (4) statutory or home rule charter city,

187.14 (5) town, or

187.15 (6) other public body;

187.16 (c) of any

187.17 (1) committee,

187.18 (2) subcommittee,

187.19 (3) board,

187.20 (4) department, or

187.21 (5) commission,

187.22 of a public body; and

187.23 (d) of the governing body or a committee of:

187.24 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

187.25 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,

187.26 or chapter 354A, ~~422A~~, or 423B.

187.27 Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

187.28 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
187.29 all other forms of compensation of a person employed by a political subdivision of this
187.30 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
187.31 percent of the salary of the governor as set under section 15A.082, except as provided
187.32 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
187.33 includes a statutory or home rule charter city, county, town, metropolitan or regional
187.34 agency, or other political subdivision, but does not include a hospital, clinic, or health
187.35 maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) ~~shall~~ must be adjusted annually in January. The limit ~~shall~~ must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which ~~shall~~ must be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which ~~shall~~ must not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation ~~shall be~~ is the annual cost to the political subdivision for the provision of the compensation.

(d) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation ~~shall~~ must be adjusted beginning in August 2005 and in each

189.1 subsequent calendar year in January by the percentage increase equal to the percentage
189.2 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
189.3 second prior year to October of the immediately prior year.

189.4 Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

189.5 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
189.6 participating in the program who is receiving a public pension disability benefit or an
189.7 annuity or has met the age and service requirements necessary to receive an annuity under
189.8 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
189.9 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
189.10 the program. This participation is at the person's expense unless a collective bargaining
189.11 agreement or personnel policy provides otherwise. Premiums for these participants must
189.12 be established by the commissioner.

189.13 The commissioner may provide policy exclusions for preexisting conditions
189.14 only when there is a break in coverage between a participant's coverage under the
189.15 employment-based group insurance program and the participant's coverage under this
189.16 section. An employer shall notify an employee of the option to participate under this
189.17 paragraph no later than the effective date of retirement. The retired employee or the
189.18 employer of a participating group on behalf of a current or retired employee shall notify
189.19 the commissioner within 30 days of the effective date of retirement of intent to participate
189.20 in the program according to the rules established by the commissioner.

189.21 (b) The spouse of a deceased employee or former employee may purchase the
189.22 benefits provided at premiums established by the commissioner if the spouse was a
189.23 dependent under the employee's or former employee's coverage under this section at the
189.24 time of the death. The spouse remains eligible to participate in the program as long as
189.25 the group that included the deceased employee or former employee participates in the
189.26 program. Coverage under this clause must be coordinated with relevant insurance benefits
189.27 provided through the federally sponsored Medicare program.

189.28 (c) The program benefits must continue in the event of strike permitted by section
189.29 179A.18, if the exclusive representative chooses to have coverage continue and the
189.30 employee pays the total monthly premiums when due.

189.31 (d) A participant who discontinues coverage may not reenroll.

189.32 Persons participating under these paragraphs shall make appropriate premium
189.33 payments in the time and manner established by the commissioner.

190.1 Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is
190.2 amended to read:

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

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

190.7 (b) "Municipality" means:

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

190.9 (2) an organized town;

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

190.11 (4) the University of Minnesota;

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

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

190.17 (7) for purposes of the police state aid program only, the Metropolitan Airports
190.18 Commission ~~with respect to peace officers covered under chapter 422A;~~ and

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

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

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

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

190.33 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
190.34 commissioner for reporting by each fire and casualty insurer of all premiums received
190.35 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
190.36 during the preceding calendar year, with reference to insurance written for insuring against

191.1 the perils contained in auto insurance coverages as reported in the Minnesota business
191.2 schedule of the annual financial statement which each insurer is required to file with
191.3 the commissioner in accordance with the governing laws or rules less return premiums
191.4 and dividends.

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

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

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

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

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

191.15 (5) who is a member of ~~a local police relief association to which section 69.77~~
191.16 ~~applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the
191.17 public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund~~.

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

191.22 (i) "Retirement benefits other than a service pension" means any disbursement
191.23 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

191.24 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
191.25 who was elected or appointed to the specified position or, in the absence of the person,
191.26 another person who is designated by the applicable governing body. In a park district,
191.27 the clerk is the secretary of the board of park district commissioners. In the case of the
191.28 University of Minnesota, the clerk is that official designated by the Board of Regents.
191.29 For the Metropolitan Airports Commission, the clerk is the person designated by the
191.30 commission. For the Department of Natural Resources or the Department of Public Safety,
191.31 the clerk is the respective commissioner. For a tribal police department which exercises
191.32 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
191.33 designated by the applicable American Indian tribal government.

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

192.1 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

192.2 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
192.3 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
192.4 (b), 6, and 7a, for eligible employer units by any excess police state aid.

192.5 (b) "Excess police state aid" is:

192.6 (1) for counties and for municipalities in which police retirement coverage is
192.7 provided wholly by the public employees police and fire fund and all police officers are
192.8 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
192.9 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
192.10 the executive director of the Public Employees Retirement Association;

192.11 (2) for municipalities in which police retirement coverage is provided in part by the
192.12 public employees police and fire fund governed by sections 353.63 to 353.657 and in
192.13 part by a local police consolidation account governed by chapter 353A, and established
192.14 before March 2, 1999, for which the municipality declined merger under section 353.665,
192.15 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
192.16 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
192.17 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
192.18 paragraphs (a) and (b), as certified by the executive director of the Public Employees
192.19 Retirement Association;

192.20 (3) for municipalities in which police retirement coverage is provided by the public
192.21 employees police and fire plan governed by sections 353.63 to 353.657, in which police
192.22 retirement coverage was provided by a police consolidation account under chapter
192.23 353A before July 1, 1999, and for which the municipality has an additional municipal
192.24 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
192.25 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
192.26 amount of any additional municipal contribution under section 353.665, subdivision 8,
192.27 paragraph (b), until the year 2010, as certified by the executive director of the Public
192.28 Employees Retirement Association;

192.29 (4) for municipalities in which police retirement coverage is provided in part by the
192.30 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
192.31 by a local police relief association governed by sections 69.77 and 423A.01, the amount
192.32 in excess of the employer's total prior calendar year obligation as defined in paragraph
192.33 (c), as certified by the executive director of the public employees retirement association,
192.34 plus the amount of the financial requirements of the relief association certified to the
192.35 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
192.36 and 5, reduced by the amount of member contributions deducted from the covered salary

of the relief association during the prior calendar year under section 69.77, subdivision 3, as certified by the chief administrative officer of the applicable municipality;

(5) for the Metropolitan Airports Commission, ~~if there are police officers hired before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement Fund remaining,~~ the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association, ~~plus the amount determined by expressing the commission's total prior calendar year contribution to the Minneapolis Employees Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of the commission's total prior calendar year covered payroll for commission employees covered by the Minneapolis Employees Retirement Fund and applying that percentage to the commission's total prior calendar year covered payroll for commission police officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief administrative officer of the Metropolitan Airports Commission;~~ and

(6) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those firefighters the applicable following amounts:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00

194.1	East Grand Forks	51,009.88
194.2	Edina	32,251.00
194.3	Elk River	5,216.55
194.4	Ely	13,584.16
194.5	Eveleth	16,288.27
194.6	Fergus Falls	6,742.00
194.7	Fridley	33,420.64
194.8	Golden Valley	11,744.61
194.9	Hastings	16,561.00
194.10	Hopkins	4,324.23
194.11	International Falls	14,400.69
194.12	Lakeville	782.35
194.13	Lino Lakes	5,324.00
194.14	Little Falls	7,889.41
194.15	Maple Grove	6,707.54
194.16	Maplewood	8,476.69
194.17	Minnetonka	10,403.00
194.18	Montevideo	1,307.66
194.19	Moorhead	68,069.26
194.20	New Hope	6,739.72
194.21	North St. Paul	4,241.14
194.22	Northfield	770.63
194.23	Owatonna	37,292.67
194.24	Plymouth	6,754.71
194.25	Red Wing	3,504.01
194.26	Richfield	53,757.96
194.27	Rosemont <u>Rosemount</u>	1,712.55
194.28	Roseville	9,854.51
194.29	St. Anthony	33,055.00
194.30	St. Louis Park	53,643.11
194.31	Thief River Falls	28,365.04
194.32	Virginia	31,164.46
194.33	Waseca	11,135.17
194.34	West St. Paul	15,707.20
194.35	White Bear Lake	6,521.04
194.36	Woodbury	3,613.00
194.37	any other municipality	0.00
194.38	(d) The total amount of excess police state aid must be deposited in the excess	
194.39	police state-aid account in the general fund, administered and distributed as provided	
194.40	in subdivision 11.	

Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is amended to read:

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

(1) For a municipality in which a local police relief association exists and all peace officers are members of the association, the total state aid must be transmitted to the treasurer of the relief association within 30 days of the date of receipt, and the treasurer of the relief association shall immediately deposit the total state aid in the special fund of the relief association;

(2) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

(3) For a municipality other than a city of the first class with a population of more than 300,000 in which both a police relief association exists and police retirement

coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit the total state aid to the treasurer of the relief association as provided in clause (1), to use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (2), or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (2) on the basis of the respective number of active full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total police state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of police officers covered by the fund each payroll period and to transmit the balance to the police relief association; or

(4) For a municipality in which police retirement coverage is provided in part by the public employees police and fire fund and in part by a local police consolidation account governed by chapter 353A and established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, the total police state aid must be applied towards the municipality's total employer contribution to the public employees police and fire fund and to the local police consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid ~~first toward the commission's employer contribution for police officers to the Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if there is any amount of police state aid remaining, shall apply that remainder toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.~~

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety,

197.1 natural resources, and management and budget the amounts to be transferred from the
197.2 appropriation for police state aid. The commissioners of public safety and natural
197.3 resources shall certify to the commissioner of management and budget the amounts to be
197.4 credited to each of the funds and accounts from which the peace officers employed by their
197.5 respective departments are paid. Each commissioner shall allocate the police state aid first
197.6 for employer contributions for employees funded from the general fund and then for
197.7 employer contributions for employees funded from other funds. For peace officers whose
197.8 salaries are paid from the general fund, the amounts transferred from the appropriation
197.9 for police state aid must be canceled to the general fund.

197.10 Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

197.11 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
197.12 this subdivision applies may levy an additional amount required for contributions to the
197.13 general employees retirement plan of the Public Employees Retirement Association as the
197.14 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
197.15 dollar amount limitation on state contributions to ~~the fund that plan~~ imposed under
197.16 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
197.17 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
197.18 director of the Public Employees Retirement Association as the district's share of the
197.19 contribution requirement in excess of the maximum state contribution under section
197.20 422A.101, subdivision 3.

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

197.25 (c) If the employer retirement fund contributions under section 354A.12, subdivision
197.26 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
197.27 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
197.28 1994 or later an amount equal to the amount derived by applying the net increase in
197.29 the employer retirement fund contribution rate of the respective teacher retirement fund
197.30 association between fiscal year 1993 and the fiscal year beginning in the year after the
197.31 levy is certified to the total covered payroll of the applicable teacher retirement fund
197.32 association. If an applicable school district levies under this paragraph, they may not
197.33 levy under paragraph (b).

197.34 (d) In addition to the levy authorized under paragraph (c), Special School District
197.35 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the

198.1 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
198.2 or later an amount equal to the state aid contribution under section 354A.12, subdivision
198.3 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
198.4 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

198.5 Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

198.6 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
198.7 **EMPLOYEES.**

198.8 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
198.9 who is transferred to and employed by the county under the provisions of section 256D.20
198.10 and who is a contributing member of a retirement system organized under the provisions
198.11 of Minnesota Statutes 2008, chapter 422A, ~~shall continue to be~~ is a member of ~~that system~~
198.12 the MERF division of the Public Employees Retirement Association and is entitled to all
198.13 of the applicable benefits conferred ~~thereby by~~ and subject to all the restrictions of ~~chapter~~
198.14 ~~422A, unless the member applies to cancel membership within six months after January~~
198.15 ~~1, 1974~~ section 353.50.

198.16 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
198.17 allowances or other benefits accrued while any such employee was in the service of the
198.18 city of Minneapolis ~~shall~~ must remain an obligation of the city and a tax ~~shall~~ must be
198.19 levied and collected by it to discharge its obligation as provided ~~by chapter 422A in~~
198.20 section 353.50, subdivision 7.

198.21 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
198.22 or other benefits accruing to employees so transferred to and employed by the county
198.23 ~~shall be~~ is the obligation of and paid by the county ~~at such time as the retirement board~~
198.24 ~~shall fix and determine in accordance with chapter 422A in~~ section 353.50, subdivision
198.25 7. The county shall pay to the ~~municipal~~ general employees retirement fund ~~an amount~~
198.26 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
198.27 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
198.28 the Public Employees Retirement Association those amounts. The cost to the public of
198.29 the retirement ~~allowances as herein provided shall~~ coverage under this section must be
198.30 paid from the county revenue fund by the county auditor ~~upon receipt of certification from~~
198.31 ~~the retirement board as herein provided~~, and the county board is authorized to levy and
198.32 collect such taxes as may be necessary to pay such costs.

198.33 Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
198.34 amended to read:

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

199.2 (1) students employed by the University of Minnesota, or the state colleges and
199.3 universities, unless approved for coverage by the Board of Regents of the University of
199.4 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
199.5 whichever is applicable;

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

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

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

199.15 (5) election officers;

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

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

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

199.24 (9) patient and inmate help in state charitable, penal, and correctional institutions
199.25 including the Minnesota Veterans Home;

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

199.29 (11) employees of the Sibley House Association;

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

199.35 (13) state troopers and persons who are described in section 352B.011, subdivision
199.36 10, clauses (2) to (8);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

201.20 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
201.21 valid for less than three years of employment, unless notice of extension is supplied which
201.22 allows them to work for three or more years as of the date the extension is granted, in
201.23 which case they are eligible for coverage from the date extended; and

201.24 (34) persons who are employed by the Board of Trustees of the Minnesota State
201.25 Colleges and Universities and who elected to remain members of the Public Employees
201.26 Retirement Association or of the MERF division of the Public Employees Retirement
201.27 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
201.28 applies, under Minnesota Statutes 1994, section 136C.75.

201.29 Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

201.30 Subdivision 1. **Management; composition; election.** (a) The management of
201.31 the Public Employees Retirement ~~fund~~ Association is vested in an 11-member board of
201.32 trustees consisting of ten members and the state auditor. The state auditor may designate
201.33 a deputy auditor with expertise in pension matters as the auditor's representative on the
201.34 board. The governor shall appoint five trustees to four-year terms, one of whom shall be
201.35 designated to represent school boards, one to represent cities, one to represent counties,

202.1 one who is a retired annuitant, and one who is a public member knowledgeable in pension
202.2 matters. The membership of the association, including recipients of retirement annuities
202.3 and disability and survivor benefits, shall elect five trustees for terms of four years, one of
202.4 whom must be a member of the police and fire fund and one of whom must be a former
202.5 member who met the definition of public employee under section 353.01, subdivisions 2
202.6 and 2a, for at least five years prior to terminating membership or a member who receives
202.7 a disability benefit. Terms expire on January 31 of the fourth year, and positions are
202.8 vacant until newly elected members are seated. Except as provided in this subdivision,
202.9 trustees elected by the membership of the association must be public employees and
202.10 members of the association.

202.11 (b) For seven days beginning October 1 of each year preceding a year in which
202.12 an election is held, the association shall accept at its office filings in person or by mail
202.13 of candidates for the board of trustees. A candidate shall submit at the time of filing a
202.14 nominating petition signed by 25 or more members of the association. No name may
202.15 be withdrawn from nomination by the nominee after October 15. At the request of a
202.16 candidate for an elected position on the board of trustees, the board shall mail a statement
202.17 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
202.18 of the candidate. The board may adopt policies, subject to review and approval by the
202.19 secretary of state under paragraph (e), to govern the form and length of these statements,
202.20 timing of mailings, and deadlines for submitting materials to be mailed. The secretary
202.21 of state shall resolve disputes between the board and a candidate concerning application
202.22 of these policies to a particular statement.

202.23 (c) By January 10 of each year in which elections are to be held, the board shall
202.24 distribute by mail to the members ballots listing the candidates. No member may vote for
202.25 more than one candidate for each board position to be filled. A ballot indicating a vote for
202.26 more than one person for any position is void. No special marking may be used on the
202.27 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
202.28 later than January 31. The ballot envelopes must be so designated and the ballots must be
202.29 counted in a manner that ensures that each vote is secret.

202.30 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
202.31 or has given implicit or explicit consent for any other person to receive contributions or
202.32 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
202.33 election, shall file a report with the campaign finance and public disclosure board
202.34 disclosing the source and amount of all contributions to the candidate's campaign. The
202.35 campaign finance and public disclosure board shall prescribe forms governing these
202.36 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.

203.1 These terms do not include the mailing made by the association board on behalf of the
203.2 candidate. A candidate shall file a report within 30 days from the day that the results of
203.3 the election are announced. The Campaign Finance and Public Disclosure Board shall
203.4 maintain these reports and make them available for public inspection in the same manner
203.5 as the board maintains and makes available other reports filed with it.

203.6 (e) The secretary of state shall review and approve the procedures defined by the
203.7 board of trustees for conducting the elections specified in this subdivision, including
203.8 board policies adopted under paragraph (b).

203.9 (f) The board of trustees and the executive director shall undertake their activities
203.10 consistent with chapter 356A.

203.11 Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

203.12 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
203.13 Public Employees Retirement ~~fund~~ Association and who is a member of any public
203.14 retirement system referred to in subdivision 1, may repay such refund to the Public
203.15 Employees Retirement ~~fund~~ Association as provided in section 353.35.

203.16 Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

203.17 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
203.18 in section 353.01, subdivision 35, who are or become members of and participants in
203.19 the ~~public general~~ employees retirement fund or the public employees police and fire
203.20 fund before July 1, 2002, and make contributions to either of those funds based on
203.21 compensation for service other than volunteer ambulance service may elect to participate
203.22 in that same fund with respect to compensation received for volunteer ambulance service,
203.23 provided that the volunteer ambulance service is not credited to another public or private
203.24 pension plan including the public employees retirement plan established by chapter
203.25 353D and provided further that the volunteer ambulance service is rendered for the same
203.26 governmental unit for which the nonvolunteer ambulance service is rendered.

203.27 Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

203.28 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
203.29 1 applies may exercise the election authorized under subdivision 1 within the earlier of
203.30 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or
203.31 the one-year period commencing on the first day of the first month following the start of
203.32 employment in a position covered by the ~~public general~~ employees retirement fund or the

204.1 public employees police and fire fund. The election must be exercised by filing a written
204.2 notice on a form prescribed by the executive director of the association.

204.3 Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

204.4 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
204.5 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
204.6 a member of, and a participant in, the public general employees retirement fund or the
204.7 public employees police and fire fund and was making contributions to either of those
204.8 funds based, at least in part, on compensation for services performed as a volunteer
204.9 firefighter shall continue as a member of, and a participant in, the public general
204.10 employees retirement fund or the public employees police and fire fund and compensation
204.11 for services performed as a volunteer firefighter ~~shall~~ must be considered salary.

204.12 Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

204.13 Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the
204.14 option to terminate membership and future participation in the public general employees
204.15 retirement fund or the public employees police and fire fund upon filing of a written notice
204.16 of intention to terminate participation. Notice must be given on a form prescribed by the
204.17 executive director of the association and must be filed in the offices of the association not
204.18 later than June 30, 1990.

204.19 Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

204.20 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
204.21 **CERTIFICATION FAILURES.**

204.22 (a) If the board of trustees of the Public Employees Retirement Association,
204.23 upon the recommendation of the executive director, determines that a governmental
204.24 subdivision has certified a public employee for membership in the public employees
204.25 police and fire retirement plan when the public employee was not eligible for that
204.26 retirement plan coverage, the public employee must be covered by the correct retirement
204.27 plan for subsequent service, the public employee retains the coverage for the period of
204.28 the misclassification, and the governmental subdivision shall pay in a lump sum the
204.29 difference in the actuarial present value of the retirement annuities to which the public
204.30 employee would have been entitled if the public employee was properly classified. The
204.31 governmental subdivision payment is payable within 30 days of the board's determination.
204.32 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
204.33 deposited in the public general employees retirement fund.

205.1 (b) If the executive director of the Public Employees Retirement Association
205.2 determines that a governmental subdivision has failed to certify a person for retirement
205.3 plan membership and coverage under this chapter, in addition to the procedures under
205.4 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
205.5 \$25 for each membership certification failure.

205.6 Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

205.7 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
205.8 **REDEDICATED.**

205.9 Subdivision 1. **Appropriation.** The positive difference, if any, between the
205.10 actual state aid ~~paid~~ payable to the MERF division account of the Public Employees
205.11 Retirement Association with respect to the former Minneapolis Employees Retirement
205.12 Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated
205.13 from the general fund to the commissioner of management and budget for deposit in
205.14 the Teachers Retirement Association to offset all or a portion of the ~~current and future~~
205.15 unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement
205.16 Fund Association.

205.17 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to
205.18 the extent that financial requirements ~~of~~ with respect to the MERF division of the Public
205.19 Employees Retirement Association as the successor of the former Minneapolis Employees
205.20 Retirement Fund under section ~~422A.101, subdivision 3,~~ 353.50 have been satisfied.

205.21 Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
205.22 read:

205.23 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
205.24 school district, other than a charter school, located in the corporate limits of Duluth or
205.25 St. Paul, as any of the following:

205.26 (1) a full-time employee in a position for which a valid license from the state
205.27 Department of Education is required;

205.28 (2) an employee of the teachers retirement fund association located in the city of
205.29 the first class ~~unless the employee has exercised the option pursuant to Laws 1955,~~
205.30 ~~chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement~~
205.31 ~~Fund established pursuant to chapter 422A;~~

205.32 (3) a part-time employee in a position for which a valid license from the state
205.33 Department of Education is required; or

(4) a part-time employee in a position for which a valid license from the state Department of Education is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service may not be covered by the association.

(b) The term does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the Teachers Retirement Association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee who is exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2;

(5) a teacher employed by a charter school, irrespective of the location of the school; or

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth Teachers Retirement Fund Association new law coordinated program, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee retirement system in the state of Minnesota having a like provision₂ but excluding all other funds providing retirement benefits for police officers or firefighters ~~shall be~~₂ is entitled₂

207.1 when qualified, to an annuity from each fund if the person's total allowable service in all
207.2 of the funds or in any two or more of the funds totals three or more years, provided that
207.3 no portion of the allowable service upon which the retirement annuity from one fund is
207.4 based is used again in the computation for a retirement annuity from another fund and
207.5 provided further that the person has not taken a refund from any of funds or associations
207.6 since the person's membership in the fund or association has terminated. The annuity from
207.7 each fund or association ~~shall~~ must be determined by the appropriate provisions of the law
207.8 governing each fund or association, except that the requirement that a person must have at
207.9 least three years of allowable service in the respective fund or association ~~shall~~ does not
207.10 apply for the purposes of this section, provided that the aggregate service in two or more
207.11 of these funds equals three or more years.

207.12 Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

207.13 Subdivision 1. **Agreement.** (a) The director, on behalf of the state, its political
207.14 subdivisions, and its other governmental employers, is authorized to enter into an
207.15 agreement with the Secretary of Health and Human Services to extend the provisions of
207.16 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph
207.17 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who
207.18 do not have coverage by the federal old age, survivors, and disability insurance program
207.19 for that employment under any previous modification of the agreement or previous
207.20 Medicare referendum.

207.21 (b) The applicable employees are:

207.22 (1) employees who are members of one of the retirement plans in Minnesota Statutes
207.23 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
207.24 employment since March 31, 1986; and

207.25 (2) employees of a special authority or district who have been continuously
207.26 employed by the special authority or district since March 31, 1986.

207.27 Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is
207.28 amended to read:

207.29 Subd. 2. **Covered public pension plans and funds.** This section applies to the
207.30 following public pension plans:

207.31 (1) the general state employees retirement plan of the Minnesota State Retirement
207.32 System;

207.33 (2) the general employees retirement plan of the Public Employees Retirement
207.34 Association;

208.1 (3) the Teachers Retirement Association;
208.2 (4) the State Patrol retirement plan;
208.3 (5) the St. Paul Teachers Retirement Fund Association;
208.4 (6) the Duluth Teachers Retirement Fund Association;
208.5 ~~(7) the Minneapolis Employees Retirement Fund;~~
208.6 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;
208.7 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;
208.8 ~~(10)~~ (9) the judges retirement fund;
208.9 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
208.10 69.77, subdivision 1a;
208.11 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
208.12 subdivision 1;
208.13 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
208.14 Retirement Association;
208.15 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
208.16 Retirement System;
208.17 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
208.18 Employees Retirement Association; and
208.19 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

208.20 Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

208.21 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
208.22 administrative official of each public pension plan and retirement fund or plan enumerated
208.23 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
208.24 annual actuarial valuations and related services. The principal from the actuarial
208.25 consulting firm on the contract must be an approved actuary under section 356.215,
208.26 subdivision 1, paragraph (c).

208.27 (b) Actuarial services must include the preparation of actuarial valuations and
208.28 related actuarial work for the following retirement plans:

208.29 (1) the teachers retirement plan, Teachers Retirement Association;
208.30 (2) the general state employees retirement plan, Minnesota State Retirement System;
208.31 (3) the correctional employees retirement plan, Minnesota State Retirement System;
208.32 (4) the State Patrol retirement plan, Minnesota State Retirement System;
208.33 (5) the judges retirement plan, Minnesota State Retirement System;
208.34 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
208.35 ~~Fund;~~

209.1 ~~(7)~~ (6) the ~~public~~ general employees retirement plan, Public Employees Retirement
209.2 Association, including the MERF division;
209.3 ~~(8)~~ (7) the public employees police and fire plan, Public Employees Retirement
209.4 Association;
209.5 ~~(9)~~ (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
209.6 Association;
209.7 ~~(10)~~ (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
209.8 Association;
209.9 ~~(11)~~ (10) the legislators retirement plan, Minnesota State Retirement System;
209.10 ~~(12)~~ (11) the elective state officers retirement plan, Minnesota State Retirement
209.11 System; and
209.12 ~~(13)~~ (12) local government correctional service retirement plan, Public Employees
209.13 Retirement Association.

209.14 (c) The contracts must require completion of the annual actuarial valuation
209.15 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
209.16 as specified in section 356.215, and in conformity with the standards for actuarial work
209.17 adopted by the Legislative Commission on Pensions and Retirement.

209.18 The contracts must require completion of annual experience data collection and
209.19 processing and a quadrennial published experience study for the plans listed in paragraph
209.20 (b), clauses (1), (2), and ~~(7)~~ (6), as provided for in the standards for actuarial work
209.21 adopted by the commission. The experience data collection, processing, and analysis
209.22 must evaluate the following:

- 209.23 (1) individual salary progression;
- 209.24 (2) the rate of return on investments based on the current asset value;
- 209.25 (3) payroll growth;
- 209.26 (4) mortality;
- 209.27 (5) retirement age;
- 209.28 (6) withdrawal; and
- 209.29 (7) disablement.

209.30 (d) The actuary shall annually prepare a report to the governing or managing board
209.31 or administrative official and the legislature, summarizing the results of the actuarial
209.32 valuation calculations. The actuary shall include with the report any recommendations
209.33 concerning the appropriateness of the support rates to achieve proper funding of
209.34 the retirement plans by the required funding dates. The actuary shall, as part of the
209.35 quadrennial experience study, include recommendations on the appropriateness of the
209.36 actuarial valuation assumptions required for evaluation in the study.

210.1 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
210.2 indicates a persistent pattern of sizable gains or losses, the governing or managing board
210.3 or administrative official shall direct the actuary to prepare a special experience study for a
210.4 plan listed in paragraph (b), clause (3), (4), (5), ~~(6)~~ (7), (8), (9), (10), (11), or (12), ~~or (13)~~,
210.5 in the manner provided for in the standards for actuarial work adopted by the commission.

210.6 Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

210.7 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

210.8 (1) the general state employees retirement plan of the Minnesota State Retirement
210.9 System, established under chapter 352;

210.10 (2) the correctional state employees retirement plan of the Minnesota State
210.11 Retirement System, established under chapter 352;

210.12 (3) the unclassified employees retirement program, established under chapter 352D;

210.13 (4) the State Patrol retirement plan, established under chapter 352B;

210.14 (5) the legislators retirement plan, established under chapter 3A;

210.15 (6) the elective state officers retirement plan, established under chapter 352C;

210.16 (7) the general employees retirement plan of the Public Employees Retirement
210.17 Association, established under chapter 353, including the MERF division of the Public
210.18 Employees Retirement Association;

210.19 (8) the public employees police and fire retirement plan of the Public Employees
210.20 Retirement Association, established under chapter 353;

210.21 (9) the local government correctional service retirement plan of the Public
210.22 Employees Retirement Association, established under chapter 353E;

210.23 (10) the Teachers Retirement Association, established under chapter 354;

210.24 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

210.25 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
210.26 chapter 354A;

210.27 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
210.28 chapter 354A; and

210.29 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

210.30 Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

210.31 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
210.32 subdivision.

210.33 (b) "Average salary" means the highest average of covered salary for the appropriate
210.34 period of credited service that is required for the calculation of a disability benefit by

211.1 the covered retirement plan and that is drawn from any period of credited service and
211.2 successive years of covered salary in a covered retirement plan.

211.3 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
211.4 7.

211.5 (d) "Duty-related" means a disabling illness or injury that occurred while the person
211.6 was actively engaged in employment duties or that arose out of the person's active
211.7 employment duties.

211.8 (e) "General employee retirement plan" means a covered retirement plan listed in
211.9 subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

211.10 (f) "Occupationally disabled" means the condition of having a medically
211.11 determinable physical or mental impairment that makes a person unable to satisfactorily
211.12 perform the minimum requirements of the person's employment position or a substantially
211.13 similar employment position.

211.14 (g) "Public safety employee retirement plan" means a covered retirement plan listed
211.15 in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

211.16 (h) "Totally and permanently disabled" means the condition of having a medically
211.17 determinable physical or mental impairment that makes a person unable to engage in any
211.18 substantial gainful activity and that is expected to continue or has continued for a period
211.19 of at least one year or that is expected to result directly in the person's death.

211.20 Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

211.21 Subd. 7. **Covered retirement plans.** This section applies to the following
211.22 retirement plans:

211.23 (1) the general state employees retirement plan of the Minnesota State Retirement
211.24 System, established by chapter 352;

211.25 (2) the unclassified state employees retirement program of the Minnesota State
211.26 Retirement System, established by chapter 352D;

211.27 (3) the general employees retirement plan of the Public Employees Retirement
211.28 Association, established by chapter 353, including the MERF division of the Public
211.29 Employees Retirement Association;

211.30 (4) the Teachers Retirement Association, established by chapter 354;

211.31 (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

211.32 (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

211.33 ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

211.34 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
211.35 Retirement System, established by chapter 352;

212.1 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;
212.2 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
212.3 Retirement Association, established by chapter 353;
212.4 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
212.5 Employees Retirement Association, established by chapter 353E; and
212.6 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

212.7 Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

212.8 Subd. 4. **Covered retirement plans.** This section applies to the following
212.9 retirement plans:

- 212.10 (1) the legislators retirement plan, established by chapter 3A;
212.11 (2) the general state employees retirement plan of the Minnesota State Retirement
212.12 System, established by chapter 352;
212.13 (3) the correctional state employees retirement plan of the Minnesota State
212.14 Retirement System, established by chapter 352;
212.15 (4) the State Patrol retirement plan, established by chapter 352B;
212.16 (5) the elective state officers retirement plan, established by chapter 352C;
212.17 (6) the unclassified state employees retirement program, established by chapter
212.18 352D;
212.19 (7) the general employees retirement plan of the Public Employees Retirement
212.20 Association, established by chapter 353, including the MERF division of the Public
212.21 Employees Retirement Association;
212.22 (8) the public employees police and fire plan of the Public Employees Retirement
212.23 Association, established by chapter 353;
212.24 (9) the local government correctional service retirement plan of the Public
212.25 Employees Retirement Association, established by chapter 353E;
212.26 (10) the Teachers Retirement Association, established by chapter 354;
212.27 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
212.28 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
212.29 354A; and
212.30 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~
212.31 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

212.32 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is
212.33 amended to read:

213.1 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
213.2 following retirement plans:

213.3 (1) the general state employees retirement plan of the Minnesota State Retirement
213.4 System, established under chapter 352;

213.5 (2) the correctional state employees retirement plan of the Minnesota State
213.6 Retirement System, established under chapter 352;

213.7 (3) the State Patrol retirement plan, established under chapter 352B;

213.8 (4) the general employees retirement plan of the Public Employees Retirement
213.9 Association, established under chapter 353, including the MERF division of the Public
213.10 Employees Retirement Association;

213.11 (5) the public employees police and fire plan of the Public Employees Retirement
213.12 Association, established under chapter 353;

213.13 (6) the Teachers Retirement Association, established under chapter 354;

213.14 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

213.15 ~~(8) (7)~~ the Duluth Teachers Retirement Fund Association, established under chapter
213.16 354A; and

213.17 ~~(9) (8)~~ the St. Paul Teachers Retirement Fund Association, established under chapter
213.18 354A.

213.19 Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is
213.20 amended to read:

213.21 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
213.22 following retirement plans:

213.23 (1) the legislators retirement plan, established by chapter 3A;

213.24 (2) the general state employees retirement plan of the Minnesota State Retirement
213.25 System, established by chapter 352;

213.26 (3) the correctional state employees retirement plan of the Minnesota State
213.27 Retirement System, established by chapter 352;

213.28 (4) the State Patrol retirement plan, established by chapter 352B;

213.29 (5) the elective state officers retirement plan, established by chapter 352C;

213.30 (6) the unclassified state employees retirement program, established by chapter
213.31 352D;

213.32 (7) the general employees retirement plan of the Public Employees Retirement
213.33 Association, established by chapter 353, including the MERF division of the Public
213.34 Employees Retirement Association;

214.1 (8) the public employees police and fire plan of the Public Employees Retirement
214.2 Association, established by chapter 353;

214.3 (9) the public employees defined contribution plan, established by chapter 353D;

214.4 (10) the local government correctional service retirement plan of the Public
214.5 Employees Retirement Association, established by chapter 353E;

214.6 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
214.7 established by chapter 353G;

214.8 (12) the Teachers Retirement Association, established by chapter 354;

214.9 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

214.10 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
214.11 354A;

214.12 (15) the individual retirement account plan, established by chapter 354B;

214.13 (16) the higher education supplemental retirement plan, established by chapter 354C;

214.14 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

214.15 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;

214.16 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
214.17 423C; and

214.18 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

214.19 Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

214.20 Subd. 2. **Covered funds.** The provisions of this section apply to the following
214.21 retirement funds:

214.22 (1) the general employees retirement plan of the Public Employees Retirement
214.23 Association established under chapter 353, including the MERF division of the Public
214.24 Employees Retirement Association;

214.25 (2) the public employees police and fire plan of the Public Employees Retirement
214.26 Association established under chapter 353;

214.27 (3) the State Patrol retirement plan established under chapter 352B;

214.28 (4) the legislators retirement plan established under chapter 3A;

214.29 (5) the elective state officers retirement plan established under chapter 352C; and

214.30 (6) the Teachers Retirement Association established under chapter 354; and

214.31 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

214.32 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is
214.33 amended to read:

215.1 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
215.2 following retirement plans:

215.3 (1) the legislators retirement plan established under chapter 3A;

215.4 (2) the correctional state employees retirement plan of the Minnesota State
215.5 Retirement System established under chapter 352;

215.6 (3) the general state employees retirement plan of the Minnesota State Retirement
215.7 System established under chapter 352;

215.8 (4) the State Patrol retirement plan established under chapter 352B;

215.9 (5) the elective state officers retirement plan established under chapter 352C;

215.10 (6) the general employees retirement plan of the Public Employees Retirement
215.11 Association established under chapter 353, including the MERF division of the Public
215.12 Employees Retirement Association;

215.13 (7) the public employees police and fire retirement plan of the Public Employees
215.14 Retirement Association established under chapter 353;

215.15 (8) the local government correctional employees retirement plan of the Public
215.16 Employees Retirement Association established under chapter 353E;

215.17 (9) the teachers retirement plan established under chapter 354; and

215.18 (10) the judges retirement plan established under chapter 490.

215.19 Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

215.20 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
215.21 after December 31, 2001, to eligible persons under ~~sections~~ section 356.42 ~~and 356.43~~,
215.22 the amount of the most recent lump-sum benefit payable to an eligible recipient under
215.23 ~~sections~~ section 356.42 ~~and 356.43~~ must be divided by 12. The result must be added to
215.24 the monthly annuity or benefit otherwise payable to an eligible recipient, must become a
215.25 permanent part of the benefit recipient's pension, and must be included in any pension
215.26 benefit subject to future increases.

215.27 Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

215.28 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
215.29 following retirement plans:

215.30 (1) the general state employees retirement plan of the Minnesota State Retirement
215.31 System established under chapter 352;

215.32 (2) the correctional state employees retirement plan of the Minnesota State
215.33 Retirement System established under chapter 352;

215.34 (3) the State Patrol retirement plan established under chapter 352B;

- 216.1 (4) the legislators retirement plan established under chapter 3A;
- 216.2 (5) the judges retirement plan established under chapter 490;
- 216.3 (6) the general employees retirement plan of the Public Employees Retirement
- 216.4 Association established under chapter 353, including the MERF division of the Public
- 216.5 Employees Retirement Association;
- 216.6 (7) the public employees police and fire plan of the Public Employees Retirement
- 216.7 Association established under chapter 353;
- 216.8 (8) the teachers retirement plan established under chapter 354;
- 216.9 (9) the Duluth Teachers Retirement Fund Association established under chapter
- 216.10 354A;
- 216.11 (10) the St. Paul Teachers Retirement Fund Association established under chapter
- 216.12 354A;
- 216.13 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
- 216.14 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
- 216.15 423C;
- 216.16 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
- 216.17 423B; and
- 216.18 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
- 216.19 Employees Retirement Association established under chapter 353E.

216.20 Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

216.21 **356.64 REAL ESTATE INVESTMENTS.**

216.22 (a) Notwithstanding any law to the contrary, any public pension plan whose assets

216.23 are not invested by the State Board of Investment may invest its funds in Minnesota situs

216.24 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if

216.25 the investment is consistent with section 356A.04.

216.26 (b) ~~Except to the extent authorized in the case of the Minneapolis Employees~~

216.27 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a),~~ An investment

216.28 otherwise authorized by this section must also comply with the requirements and

216.29 limitations of section 11A.24, subdivision 6.

216.30 Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

216.31 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension

216.32 fund amounts existing in any public pension fund are presumed to be abandoned, but are

216.33 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of

216.34 the public pension fund specifically provides for a different disposition of unclaimed or

217.1 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
217.2 must be credited to the public pension fund. If the unclaimed public pension fund amount
217.3 exceeds \$25 and the inactive or former member again becomes a member of the applicable
217.4 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
217.5 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8,~~ whichever applies, the
217.6 canceled amount must be restored to the credit of the person.

217.7 Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

217.8 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

217.9 (a) Upon written authorization of a person receiving an annuity from a public
217.10 pension fund administered by the Minnesota State Retirement System; or the Public
217.11 Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund,~~ the
217.12 executive director of the public pension fund may deduct from the retirement annuity an
217.13 amount requested by the annuitant to be paid as dues to any labor organization that is an
217.14 exclusive bargaining agent representing public employees or an organization representing
217.15 retired public employees of which the annuitant is a member and shall pay the amount to
217.16 the organization so designated by the annuitant.

217.17 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
217.18 of dues payments under paragraph (a) are not liable for failure to properly deduct or
217.19 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
217.20 faith.

217.21 (c) The deductions under paragraph (a) may occur no more frequently than two
217.22 times per year and may not be used for political purposes.

217.23 (d) Any labor organization specified in paragraph (a) shall reimburse the public
217.24 pension fund for the administrative expense of withholding premium amounts.

217.25 Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is
217.26 amended to read:

217.27 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
217.28 a different meaning is intended, for the purpose of this section, the terms in paragraphs
217.29 (b) to (e) have the meanings given them.

217.30 (b) "Chief administrative officer" means the executive director of a covered pension
217.31 plan or the executive director's designee or representative.

217.32 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
217.33 2, clauses (1) to (4), ~~(10)~~ (9), and ~~(13)~~ (12) to ~~(16)~~ (15), but does not mean the

deferred compensation plan administered under sections 352.965 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" includes an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or a state agency or other governmental unit that employs active participants in a covered pension plan.

Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1, 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North Suburban Sanitary Sewer District, and any joint board created by agreement among local government units ~~pursuant to~~ under section 471.59, to provide interceptors and treatment works for such local government units, ~~shall~~ terminate. All persons regularly employed by such sanitary districts and joint boards on that date or on any earlier date on which the former waste control commission pursuant to subdivisions 1 and 2 assumed ownership and control of any interceptors or treatment works owned or operated by such sanitary districts and joint boards, and who are employees of the commission on July 1, 1994, ~~shall be~~ are employees of the council, ~~and may at their option become members of the Minnesota State Retirement System or may continue as members of a public retirement association under chapter 422A or any other law, to which they belonged before such date, and shall retain all pension rights which they may have under such latter laws, and all other rights to which they are entitled by contract or law.~~ Members of trades who are employed by the former Metropolitan Waste Control Commission, who have trade union pension coverage ~~pursuant to~~ under a collective bargaining agreement, and who elected exclusion from coverage ~~pursuant to~~ under section 473.512, or who are first employed after July 1, 1977, ~~shall~~ may not be covered by the Minnesota State Retirement System. The council shall make the employer's contributions to pension funds of its employees. Such employees shall perform such duties as may be prescribed by the council. All funds of such sanitary districts and joint boards then on hand, and all subsequent collections of taxes, special assessments or service charges levied or imposed by or for such sanitary districts or joint boards ~~shall~~ must be transferred to the council. The local government units otherwise entitled to such cash, taxes, assessments or service charges ~~shall~~ must be credited with such amounts, and such credits ~~shall~~ must be offset against any amounts to be paid by

219.1 them to the council as provided in section 473.517. The former Metropolitan Waste
219.2 Control Commission, and on July 1, 1994, the council shall succeed to and become vested
219.3 by action of law with all right, title and interest in and to any property, real or personal,
219.4 owned or operated by such sanitary districts and joint boards. Prior to that date the proper
219.5 officers of such sanitary districts and joint boards, or the former Metropolitan Waste
219.6 Control Commission, shall execute and deliver to the council all deeds, conveyances, bills
219.7 of sale, and other documents or instruments required to vest in the council good and
219.8 marketable title to all such real or personal property; provided that vesting of the title ~~shall~~
219.9 must occur by operation of law and failure to execute and deliver the documents ~~shall~~ does
219.10 not affect the vesting of title in the former Metropolitan Waste Control Commission or the
219.11 council on the dates indicated in this subdivision. The council shall become obligated to
219.12 pay or assume all bonded or other debt and contract obligations incurred by the former
219.13 Metropolitan Waste Control Commission, or by such sanitary districts and joint boards, or
219.14 incurred by local government units for the acquisition or betterment of any interceptors or
219.15 treatment works owned or operated by such sanitary districts or joint boards.

219.16 Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

219.17 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
219.18 shall have the power to appoint engineers and other consultants, attorneys, and such
219.19 other officers, agents, and employees as it may see fit, who shall perform such duties and
219.20 receive such compensation as the corporation may determine, and be removable at the
219.21 pleasure of the corporation. The corporation ~~shall~~ must adopt an affirmative action plan,
219.22 which shall be submitted to the appropriate agency or office of the state for review and
219.23 approval. The plan ~~shall~~ must include a yearly progress report to the agency or office.
219.24 ~~Officers and employees of the corporation who cannot qualify and participate in the~~
219.25 ~~municipal employees retirement fund under chapter 422A, shall be separated from service~~
219.26 ~~at the retirement age applicable to officers or employees of the state of Minnesota in the~~
219.27 ~~classified service of the state civil service as provided in section 43A.34, or as the same~~
219.28 ~~may from time to time be amended, regardless of the provisions of the Veteran's Preference~~
219.29 ~~Act.~~ Whenever the corporation performs any work within the limits of a city of the first
219.30 class, or establishes a minimum wage for skilled or unskilled labor in the specifications or
219.31 any contract for work within one of the cities, the rate of pay to such skilled and unskilled
219.32 labor ~~shall~~ must be the prevailing rate of wage for such labor in that city.

219.33 Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

220.1 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
220.2 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
220.3 for funding actuarial liabilities to pay postemployment benefits to employees or officers
220.4 after their termination of service; or for funding all or part of the municipality's current
220.5 and future unfunded liability for a pension or retirement fund or plan referred to in
220.6 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
220.7 to under sections 356.215 and 356.216. The board of trustees or directors of a ~~pension~~
220.8 ~~fund or~~ relief association referred to in section 69.77 ~~or chapter 422A~~ must consent and
220.9 must be a party to any contract made under this section with respect to the fund held by
220.10 it for the benefit of and in trust for its members. For purposes of this section, the term
220.11 "postemployment benefits" means benefits giving rise to a liability under Statement No.
220.12 45 of the Governmental Accounting Standards Board.

220.13 Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is
220.14 amended to read:

220.15 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
220.16 person is transferred to state employment under this section, the person may elect to do
220.17 either or both of the following:

220.18 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
220.19 sick leave benefits and accumulated time provided by the county instead of receiving
220.20 benefits from the state under the judicial branch personnel rules; or

220.21 (2) remain a member of the general employees retirement plan of the Public
220.22 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
220.23 division of the Public Employees Retirement Association instead of joining the Minnesota
220.24 State Retirement System.

220.25 Employees who make an election under clause (1) remain on the county payroll,
220.26 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
220.27 benefits provided by the county. The state shall make the employer contribution to the
220.28 general employees retirement plan of the Public Employees Retirement Association or the
220.29 employer contribution under section ~~422A.101~~ 353.50, subdivision ~~1a~~ 7, paragraphs (c)
220.30 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
220.31 Employees Retirement Association on behalf of employees who make an election under
220.32 clause (2).

220.33 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
220.34 the election, once, at any time, but if the employee revokes the election, the employee
220.35 cannot make another election. An employee who makes an election under paragraph (a),

221.1 clause (2), may revoke the election at any time within six months after the person becomes
221.2 a state employee. Once an employee revokes this election, the employee cannot make
221.3 another election.

221.4 (c) The Supreme Court, after consultation with the Judicial Council, the
221.5 commissioner of management and budget, and the executive directors of the Public
221.6 Employees Retirement Association and the Minnesota State Retirement Association, shall
221.7 adopt procedures for making elections under this section.

221.8 (d) The Supreme Court shall notify all affected employees of the options available
221.9 under this section. The executive directors of the Public Employees Retirement
221.10 Association and the Minnesota State Retirement System shall provide counseling to
221.11 affected employees on the effect of making an election to remain a member of the Public
221.12 Employees Retirement Association.

221.13 Sec. 43. **EFFECTIVE DATE.**

221.14 Sections 1 to 42 are effective June 30, 2010.

221.15 **ARTICLE 14**

221.16 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS**

221.17 Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is
221.18 amended to read:

221.19 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
221.20 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision 3,
221.21 clause (2), subclause (e), ~~or~~ and if the municipality is required to provide financial support
221.22 to the special fund of the relief association ~~pursuant to~~ under this section, the adoption of
221.23 or any amendment to the articles of incorporation or bylaws of a relief association which
221.24 increases or otherwise affects the retirement coverage provided by or the service pensions
221.25 or retirement benefits payable from the special fund of any relief association to which this
221.26 section applies is not effective until it is ratified by the governing body of the municipality
221.27 in which the relief association is located and the officers of a relief association shall not
221.28 seek municipal ratification prior to preparing and certifying an estimate of the expected
221.29 increase in the accrued liability and annual accruing liability of the relief association
221.30 attributable to the amendment. If the special fund of the relief association has a surplus
221.31 over full funding ~~pursuant to~~ under subdivision 3, clause (2), subclause (e), and if the
221.32 municipality is not required to provide financial support to the special fund of the relief
221.33 association ~~pursuant to~~ under this section, the relief association may adopt or amend its
221.34 articles of incorporation or bylaws which increase or otherwise affect the retirement

222.1 coverage provided by or the service pensions or retirement benefits payable from the
222.2 special fund of the relief association which are effective without municipal ratification so
222.3 long as this does not cause the amount of the resulting increase in the accrued liability
222.4 of the special fund of the relief association to exceed 90 percent of the amount of the
222.5 surplus over full funding reported in the prior year and this does not result in the financial
222.6 requirements of the special fund of the relief association exceeding the expected amount
222.7 of the future fire state aid to be received by the relief association as determined by the
222.8 board of trustees following the preparation of an estimate of the expected increase in the
222.9 accrued liability and annual accruing liability of the relief association attributable to the
222.10 change. If a relief association adopts or amends its articles of incorporation or bylaws
222.11 without municipal ratification ~~pursuant to~~ under this subdivision, and, subsequent to
222.12 the amendment or adoption, the financial requirements of the special fund of the relief
222.13 association ~~pursuant to~~ under this section are such so as to require financial support from
222.14 the municipality, the provision which was implemented without municipal ratification is
222.15 no longer effective without municipal ratification and any service pensions or retirement
222.16 benefits payable after that date may be paid only in accordance with the articles of
222.17 incorporation or bylaws as amended or adopted with municipal ratification.

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

222.19 Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is
222.20 amended to read:

222.21 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
222.22 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision
222.23 4, ~~or~~ and if the municipality is required to provide financial support to the special fund of
222.24 the relief association ~~pursuant to~~ under this section, the adoption of or any amendment to
222.25 the articles of incorporation or bylaws of a relief association which increases or otherwise
222.26 affects the retirement coverage provided by or the service pensions or retirement benefits
222.27 payable from the special fund of any relief association to which this section applies is not
222.28 effective until it is ratified by the governing body of the municipality in which the relief
222.29 association is located. If the special fund of the relief association has a surplus over full
222.30 funding ~~pursuant to~~ under subdivision 4, and if the municipality is not required to provide
222.31 financial support to the special fund of the relief association ~~pursuant to~~ under this section,
222.32 the relief association may adopt or amend its articles of incorporation or bylaws which
222.33 increase or otherwise affect the retirement coverage provided by or the service pensions
222.34 or retirement benefits payable from the special fund of the relief association which are
222.35 effective without municipal ratification so long as this does not cause the amount of the

223.1 resulting increase in the accrued liability of the special fund of the relief association to
223.2 exceed 90 percent of the amount of the surplus over full funding reported in the prior year
223.3 and this does not result in the financial requirements of the special fund of the relief
223.4 association exceeding the expected amount of the future fire state aid to be received by the
223.5 relief association as determined by the board of trustees following the preparation of an
223.6 updated actuarial valuation including the proposed change or an estimate of the expected
223.7 actuarial impact of the proposed change prepared by the actuary of the relief association.
223.8 If a relief association adopts or amends its articles of incorporation or bylaws without
223.9 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
223.10 adoption, the financial requirements of the special fund of the relief association ~~pursuant~~
223.11 ~~to under~~ this section are such so as to require financial support from the municipality, the
223.12 provision which was implemented without municipal ratification is no longer effective
223.13 without municipal ratification and any service pensions or retirement benefits payable after
223.14 that date may be paid only in accordance with the articles of incorporation or bylaws as
223.15 amended or adopted with municipal ratification.

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

223.17 Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

223.18 Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by
223.19 subdivision 6, ~~paragraph (a) or 7~~, in order to pay benefits as they come due, shall invest
223.20 a portion of its assets in authorized short-term debt obligations that can be immediately
223.21 liquidated without accrual of a substantial determinable penalty or loss and that have an
223.22 average maturity of no more than 90 days. The chief administrative officer of the plan
223.23 shall determine the minimum liquidity requirement of the plan and shall retain appropriate
223.24 documentation of that determination for three years from the date of determination.

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

223.26 Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is
223.27 amended to read:

223.28 Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated~~
223.29 ~~with a municipality or an independent nonprofit firefighting corporation may include as a~~
223.30 ~~relief association member a minor serving as a firefighter, except for members of a youth,~~
223.31 ~~civic, or educational organization or program who participate with uninterrupted adult~~
223.32 ~~supervision, as allowed by federal law and by section 181A.04. Such organizations or~~

224.1 ~~programs include, but are not limited to, Boy Scout Explorer programs or firefighting~~
224.2 ~~degree programs.~~

224.3 ~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an
224.4 independent nonprofit firefighting corporation may include as a relief association member
224.5 a minor serving as a volunteer firefighter.

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

224.7 Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is
224.8 amended to read:

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

224.12 (b)(1) If a ~~former active~~ firefighter who has ceased to perform or supervise fire
224.13 suppression and fire prevention duties for at least 60 days resumes performing active
224.14 firefighting with the fire department associated with the relief association, if the bylaws of
224.15 the relief association so permit, the ~~person~~ firefighter may again become an active member
224.16 of the relief association. A firefighter who returns to active service and membership is
224.17 subject to the service pension calculation requirements under this section.

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

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

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

224.28 ~~(b)~~ (c) If a ~~former~~ firefighter who has received a service pension or disability benefit
224.29 returns to active relief association membership under paragraph ~~(a)~~ (b), the firefighter may
224.30 qualify for the receipt of a service pension from the relief association for the resumption
224.31 service period if the firefighter meets a minimum period of resumption service specified in
224.32 the relief association bylaws the service requirements of section 424A.016, subdivision 3,
224.33 or 424A.02, subdivision 2.

224.34 (d) If a former firefighter who has not received a service pension or disability benefit
224.35 returns to active relief association membership under paragraph (b), the firefighter may

225.1 qualify for the receipt of a service pension from the relief association for the resumption
225.2 service period if the firefighter meets the minimum period of resumption service specified
225.3 in the relief association bylaws and the service requirements of section 424A.016,
225.4 subdivision 3, or 424A.02, subdivision 2.

225.5 ~~(e)~~ (e) A firefighter who returns to active lump-sum relief association membership
225.6 and who qualifies for a service pension under paragraph ~~(b)~~ (c) or (d) must have, upon
225.7 a subsequent cessation of duties, any service pension for the resumption service period
225.8 calculated as a separate benefit. If a lump-sum service pension had been paid to the
225.9 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service
225.10 pension for the resumption service period must be calculated to apply the service pension
225.11 amount in effect on the date of the firefighter's termination of the resumption service for all
225.12 years of the resumption service. No firefighter may be paid a service pension twice for the
225.13 same period of service. If a lump-sum service pension had not been paid to the firefighter
225.14 upon the firefighter's previous cessation of duties and the firefighter meets the minimum
225.15 service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a
225.16 service pension must be calculated to apply the service pension amount in effect on the
225.17 date of the firefighter's termination of the resumption service for all years of service credit.

225.18 ~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns
225.19 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
225.20 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
225.21 requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the
225.22 firefighter's previous years of active service, must have, upon a subsequent cessation of
225.23 duties, a service pension calculated for the previous years of service based on the service
225.24 pension amount in effect on the date of the firefighter's termination of the resumption
225.25 service, or, if the bylaws so provide, based on the service pension amount in effect on the
225.26 date of the firefighter's previous cessation of duties.

225.27 ~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active
225.28 monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief
225.29 association bylaws do not allow for the firefighter to continue collecting a monthly service
225.30 pension, any monthly benefit service pension payable to the firefighter is suspended as
225.31 of the first day of the month next following the date on which the firefighter returns to
225.32 active membership. If the firefighter was receiving a monthly benefit service pension,
225.33 and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to
225.34 an additional monthly benefit service pension upon a subsequent cessation of duties
225.35 calculated based on the resumption service credit and the service pension accrual amount
225.36 in effect on the date of the termination of the resumption service. ~~The~~ A suspended initial

service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's previous years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties.

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

Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding a subdivision to read:

Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension amount to the requesting member's account in the Minnesota deferred compensation plan, if:

(1) the governing articles of incorporation or bylaws so provide;

(2) the volunteer firefighter participates in the Minnesota deferred compensation plan at the time of retirement; and

(3) the applicable retiring firefighter requests in writing that the relief association do so.

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

Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid received by the relief association;

227.1 (2) any amounts of municipal contributions to the relief association raised from
227.2 levies on real estate or from other available municipal revenue sources exclusive of fire
227.3 state aid; and

227.4 (3) any amounts equal to the share of the assets of the special fund to the credit of:

227.5 (i) any former member who terminated active service with the fire department to
227.6 which the relief association is associated before meeting the minimum service requirement
227.7 provided for in subdivision 2, paragraph (b), and has not returned to active service with
227.8 the fire department for a period no shorter than five years; or

227.9 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
227.10 the amounts credited to the individual member account under subdivision 2, paragraph
227.11 (b), and any applicable provision of the bylaws of the relief association. In addition, any
227.12 investment return on the assets of the special fund must be credited in proportion to the
227.13 share of the assets of the special fund to the credit of each individual active member
227.14 account. Administrative expenses of the relief association payable from the special
227.15 fund may be deducted from individual accounts in a manner specified in the bylaws of
227.16 the relief association.

227.17 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
227.18 any investment return on the assets of the special fund to the accounts of inactive members.

227.19 (d) Amounts to be credited to individual accounts must be allocated uniformly for
227.20 all years of active service and allocations must be made for all years of service, except for
227.21 caps on service credit if so provided in the bylaws of the relief association. The allocation
227.22 method may utilize monthly proration for fractional years of service, as the bylaws or
227.23 articles of incorporation of the relief association so provide. The bylaws or articles of
227.24 incorporation may define a "month," but the definition must require a calendar month to
227.25 have at least 16 days of active service. If the bylaws or articles of incorporation do not
227.26 define a "month," a "month" is a completed calendar month of active service measured
227.27 from the member's date of entry to the same date in the subsequent month.

227.28 ~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision
227.29 of the bylaws of the relief association, a retiring member is entitled to that portion of the
227.30 assets of the special fund to the credit of the member in the individual member account
227.31 which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of
227.32 the relief association based on the number of years of service to the credit of the retiring
227.33 member.

227.34 ~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual
227.35 account allocations to the state auditor at the same time that the annual financial statement

228.1 or financial report and audit of the relief association, whichever applies, is due under
228.2 section 69.051.

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

228.4 Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is
228.5 amended to read:

228.6 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
228.7 association may only pay an ancillary benefit which would constitute an authorized
228.8 disbursement as specified in section 424A.05. The ancillary benefit for active members
228.9 must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

228.10 (b) For deferred members, the ancillary benefit must equal the vested amount of
228.11 the individual account of the member. For the recipient of installment payments of a
228.12 service pension, the ancillary benefit must equal the remaining balance in the individual
228.13 account of the recipient.

228.14 (c)(1) If a survivor or death benefit is payable under the articles of incorporation or
228.15 bylaws, the benefit must be paid:

228.16 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

228.17 (ii) as a survivor benefit to the surviving children of the deceased firefighter if no
228.18 surviving spouse;

228.19 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
228.20 surviving spouse or surviving children; or

228.21 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no
228.22 surviving spouse, no surviving children, and no beneficiary designated.

228.23 (2) If there are no surviving children, the surviving spouse may waive, in writing,
228.24 wholly or partially, the spouse's entitlement to a survivor benefit.

228.25 (d) For purposes of this section, for a defined contribution volunteer fire relief
228.26 association, a trust created under chapter 501B may be a designated beneficiary. If a trust
228.27 payable to the surviving children organized under chapter 501B has been established as
228.28 authorized by this section and there is no surviving spouse, the survivor benefit may be
228.29 paid to the trust, notwithstanding the requirements of this section.

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

228.31 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is
228.32 amended to read:

229.1 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
229.2 including any volunteer firefighters relief association governed by section 69.77 or any
229.3 volunteer firefighters division of a relief association governed by chapter 424, may only
229.4 pay ancillary benefits which would constitute an authorized disbursement as specified in
229.5 section 424A.05 subject to the following requirements or limitations:

229.6 (1) with respect to a defined benefit relief association in which governing bylaws
229.7 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
229.8 be paid to any former member or paid to any person on behalf of any former member
229.9 after the former member (i) terminates active service with the fire department and active
229.10 membership in the relief association; and (ii) commences receipt of a service pension as
229.11 authorized under this section; and

229.12 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
229.13 payable to any member, to any former member, or to any person on behalf of any member
229.14 or former member, may exceed in amount the total earned service pension of the member
229.15 or former member. The total earned service pension must be calculated by multiplying
229.16 the service pension amount specified in the bylaws of the relief association at the time of
229.17 death or disability, whichever applies, by the years of service credited to the member or
229.18 former member. The years of service must be determined as of (i) the date the member or
229.19 former member became entitled to the ancillary benefit; or (ii) the date the member or
229.20 former member died entitling a survivor or the estate of the member or former member to
229.21 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
229.22 member had attained the minimum amount of service and membership credit specified in
229.23 the governing bylaws. For active members, the amount of a permanent disability benefit
229.24 or a survivor benefit must be equal to the member's total earned service pension except
229.25 that the bylaws of a defined benefit relief association may provide for the payment of a
229.26 survivor benefit in an amount not to exceed five times the yearly service pension amount
229.27 specified in the bylaws on behalf of any member who dies before having performed five
229.28 years of active service in the fire department with which the relief association is affiliated.

229.29 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
229.30 incorporation or bylaws, the benefit must be paid:

229.31 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

229.32 (B) as a survivor benefit to the surviving children of the deceased firefighter if
229.33 no surviving spouse;

229.34 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
229.35 surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving children and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(4)(i) If a monthly benefit survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(iii) For purposes of this clause, if the relief association bylaws authorize a monthly survivor benefit payable to a designated beneficiary, the relief association bylaws may limit the total survivor benefit amount payable.

(5) For purposes of this section, for a monthly benefit volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this section, for a lump-sum volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to the surviving children organized under chapter 501B as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

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

Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10, is amended to read:

Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined benefit relief association to which this section applies must file a revised copy of its governing bylaws with the state auditor upon the adoption of any amendment to

its governing bylaws by the relief association or upon the approval of any amendment to its governing bylaws granted by the governing body of each municipality served by the fire department to which the relief association is directly associated. Failure of the relief association to file a copy of the bylaws or any bylaw amendments with the state auditor disqualifies the municipality from the distribution of any future fire state aid until this filing requirement has been completed.

(b) If the special fund of the relief association does not have a surplus over full funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773, subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under section 69.772 or 69.773, no bylaw amendment which would affect the amount of, the manner of payment of, or the conditions for qualification for service pensions or ancillary benefits or disbursements other than administrative expenses authorized under section 69.80 payable from the special fund of the relief association is effective until it has been ratified ~~by the governing body or bodies of the appropriate municipalities~~ as required under section 69.772, subdivision 6, or 69.773, subdivision 6. If the special fund of the relief association has a surplus over full funding under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is not required to provide financial support to the special fund under this section, the relief association may adopt or amend without municipal ratification its articles of incorporation or bylaws which increase or otherwise affect the service pensions or ancillary benefits payable from the special fund ~~so long as the changes do not cause the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and the changes do not result in the financial requirements of the special fund exceeding the expected amount of the subsequent calendar year's fire state aid to be received by the relief association~~ if authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

(c) If the relief association pays only a lump-sum pension, the financial requirements are to be determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If the relief association pays a monthly benefit service pension, the financial requirements are to be determined by the board of trustees following either an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund

232.1 under this section are such so as to require financial support from the municipality, the
232.2 provision which was implemented without municipal ratification is no longer effective
232.3 without municipal ratification, and any service pensions or ancillary benefits payable after
232.4 that date must be paid only in accordance with the articles of incorporation or bylaws as
232.5 amended or adopted with municipal ratification.

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

232.7 Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is
232.8 amended to read:

232.9 Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements
232.10 from the special fund may not be made for any purpose other than one of the following:

232.11 (1) for the payment of service pensions to retired members of the relief association if
232.12 authorized and paid under law and the bylaws governing the relief association;

232.13 (2) for the purchase of an annuity for the applicable person under section 424A.015,
232.14 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
232.15 person's individual retirement account under section 424A.015, subdivision 4, or to the
232.16 applicable person's account in the Minnesota deferred compensation plan under section
232.17 424A.015, subdivision 5;

232.18 ~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled
232.19 members of the relief association if authorized and paid under law and specified in amount
232.20 in the bylaws governing the relief association;

232.21 ~~(3)~~ (4) for the payment of survivor benefits ~~to surviving spouses and surviving~~
232.22 ~~children, or if none, to designated beneficiaries, of deceased members of the relief~~
232.23 ~~association, and if no survivors and if no designated beneficiary, or~~ for the payment of a
232.24 death benefit to the estate of the deceased active or deferred firefighter, if authorized ~~by~~
232.25 and paid under law and specified in amount in the bylaws governing the relief association;

232.26 ~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State
232.27 Fire Department Association and to the Minnesota Area Relief Association Coalition in
232.28 order to entitle relief association members to membership in and the benefits of these
232.29 associations or organizations;

232.30 ~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters
232.31 Benefit Association, or an insurance company licensed by the state of Minnesota offering
232.32 casualty insurance, in order to entitle relief association members to membership in and the
232.33 benefits of the association or organization; and

232.34 ~~(6)~~ (7) for the payment of administrative expenses of the relief association as
232.35 authorized under section 69.80.

~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this chapter, for a defined contribution volunteer fire relief association, for a lump-sum volunteer fire relief association, or for a combination lump-sum and monthly benefit volunteer fire relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary may be a trust created under chapter 501B.~~

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

Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding a subdivision to read:

Subd. 3a. **Corrections of erroneous special fund deposits.** Upon notification of funds deposited in error in the special fund and after presentation of evidence that the error occurred in good faith, the state auditor may require the relief association to provide a written legal opinion concluding that the transfer of funds from the special fund is consistent with federal and state law. Taking into consideration the evidence of good faith presented and the legal opinion, if any, provided, the state auditor may order the transfer from the special fund to the appropriate fund or account an amount equal to the funds deposited in error.

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

Sec. 13. **REPEALER.**

(a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is repealed.

(b) Laws 2009, chapter 169, article 10, section 32, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective retroactively from July 1, 2009.

ARTICLE 15

ONE PERSON/SMALL GROUP PENSION ISSUES

Section 1. **PERA-GENERAL; PURCHASE OF OMITTED INVER GROVE HEIGHTS SCHOOL DISTRICT OMITTED MEMBER CONTRIBUTIONS.**

234.1 (a) Notwithstanding any provision of law to the contrary, an eligible person
234.2 described in paragraph (b) is entitled to purchase from the general employees retirement
234.3 plan of the Public Employees Retirement Association allowable service credit under
234.4 Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member
234.5 deductions described in paragraph (c).

234.6 (b) An eligible person is a person who:

234.7 (1) was born on April 17, 1948;

234.8 (2) is a current employee of Independent School District No. 199, Inver Grove
234.9 Heights;

234.10 (3) is a current member of the general employees retirement plan of the Public
234.11 Employees Retirement Association;

234.12 (4) was employed by Independent School District No. 199, Inver Grove Heights,
234.13 on August 26, 1985; and

234.14 (5) was not reported by Independent School District No. 199, Inver Grove Heights,
234.15 for retirement coverage by and membership in the general employees retirement plan of
234.16 the Public Employees Retirement Association until September 1, 1986.

234.17 (c) The period of uncredited service authorized for purchase is the period of August
234.18 26, 1985, until August 31, 1986, during which no member contributions for the general
234.19 employees retirement plan of the Public Employees Retirement Association were
234.20 deducted from the eligible person's salary by Independent School District No. 199, Inver
234.21 Grove Heights.

234.22 (d) The purchase payment amount payable by the eligible person is four percent of
234.23 the eligible person's salary under Minnesota Statutes 1984, section 353.01, subdivision
234.24 10, from Independent School District No. 199, Inver Grove Heights, during the period of
234.25 August 26, 1985, until August 31, 1986, plus annual compound interest on that amount at
234.26 the rate of 8.5 percent from March 1, 1986, until the date on which payment is made to
234.27 the Public Employees Retirement Association. The purchase payment amount payable
234.28 by Independent School District No. 199, Inver Grove Heights, is the balance of the full
234.29 actuarial value prior service credit purchase payment amount determined under Minnesota
234.30 Statutes, section 356.551, as of the first day of the month next following the receipt of the
234.31 eligible person's payment that is remaining after deducting the purchase payment amount
234.32 payable by the eligible person.

234.33 (e) The school district purchase payment amount payable under paragraph (d) must
234.34 be made on or before the 15th of the month next following the receipt of the eligible
234.35 person's payment under paragraph (d). If the school district purchase payment amount is
234.36 not paid in a timely fashion, the amount due accrues compound monthly interest at the

rate of 0.71 percent per month from the first day of the month next following the receipt of the eligible person's payment until the school district purchase payment amount is received by the Public Employees Retirement Association. If the school district purchase payment amount is not paid to the Public Employees Retirement Association 90 days after the receipt of the eligible person's payment, the executive director shall notify the commissioner of management and budget, the commissioner of education, and the commissioner of revenue of that unpaid obligation and the unpaid obligation must be deducted from any state aid otherwise payable to the school district, plus interest.

(f) The eligible person must provide the executive director of the Public Employees Retirement Association with any relevant requested information pertaining to this service credit purchase.

(g) Authority to make a service credit purchase under this section expires on June 30, 2011, or upon the termination from public employment under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

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

Sec. 2. TEACHERS RETIREMENT ASSOCIATION; SECOND CHANCE RETIREMENT COVERAGE AUTHORITY FOR IRAP MEMBER.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 352, 353, or 354B or section 356.551 to the contrary, an eligible person described in paragraph (b) is entitled to elect retirement coverage for Minnesota State Colleges and Universities System employment by the Teachers Retirement Association under Minnesota Statutes, section 354B.21, subdivisions 2 and 3, despite the time limitation on the election.

(b) An eligible person is a person who:

(1) was born on July 19, 1948;

(2) was employed by Mankato State University in 1969, with retirement coverage in the general state employees retirement plan of the Minnesota State Retirement System, for which a refund of member contributions and interest was taken before 2007;

(3) was employed by the city of Austin in the early 1980s, with retirement coverage in the general employees retirement plan of the Public Employees Retirement Association, for which a refund of member contributions and interest was taken before 2007;

(4) is employed by the Minnesota State Colleges and Universities System at Riverland Community College; and

(5) had the person's employment position upgraded by the Minnesota State Colleges and Universities System on September 9, 2007, and had retirement coverage transferred by operation of law to the higher education individual retirement account plan.

(c) An election to change retirement coverage from the Minnesota State Colleges and Universities System individual retirement account plan to the Teachers Retirement Association must be made by July 1, 2010, and is retroactive to September 9, 2007. If the election is made, Minnesota Statutes, section 356.551, applies to the purchase of past service except for subdivision 1, paragraph (c), of that provision, which requires all refunds to be paid before the service credit purchase. The eligible person's account in the individual retirement account plan must be liquidated by transfer to the Teachers Retirement Association fund by August 1, 2010, and used to cover part of the service credit purchase payment amount. Any remaining payment amount must be paid in a lump sum to the executive director of the Teachers Retirement Association for deposit in the Teachers Retirement Association fund by September 1, 2010. Retroactive service credit in the Teachers Retirement Association must be granted to the eligible person once the transfers and payments required under this paragraph have been made.

(d) If an eligible person under paragraph (b) elects Teachers Retirement Association coverage but fails to make the full payment required under paragraph (c), the election of Teachers Retirement Association coverage is voided and the individual retains coverage by the Minnesota State Colleges and Universities System individual retirement account plan. If amounts were transferred under paragraph (c) from the individual retirement account plan, those amounts must be returned to the individual's account or accounts under that plan.

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

ARTICLE 16

MISCELLANEOUS PROVISIONS

Section 1. [352.016] UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE AND SALARY CREDIT.

A furloughed employee of the University of Minnesota who is a member of the general state employees retirement plan of the Minnesota State Retirement System may obtain allowable service credit and salary credit for the furlough period. The allowable service and salary credit authorization under this section is a leave of absence authorization for purposes of section 352.017 and the purchase payment procedure of section 352.017, subdivision 2, applies.

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

Sec. 2. **[353.012] UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE AND SALARY CREDIT.**

A furloughed employee of the University of Minnesota who is a member of the public employees police and fire plan may obtain allowable service and salary credit for the furlough period. The allowable service and salary credit authorization is a leave of absence authorization for purposes of section 353.0161 and the purchase payment procedure of section 353.0161, subdivision 2, applies.

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

Sec. 3. Minnesota Statutes 2008, section 356.216, is amended to read:

356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS.

(a) The provisions of section 356.215 that govern the contents of actuarial valuations must apply to any local police or fire pension fund or relief association required to make an actuarial report under this section, except as follows:

(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll must be the maximum rate of salary on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

(2) in lieu of the amortization date specified in section 356.215, subdivision 11, the appropriate amortization target date specified in section 69.77, subdivision 4, or 69.773, subdivision 4, clause (c), must be used in calculating any required amortization contribution, except that if the actuarial report for the Bloomington Fire Department Relief Association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 20 years later, and if subsequent actuarial valuations for the Bloomington Fire Department Relief Association determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 20 years later and except that the amortization date for the Minneapolis Police Relief Association is December 31, 2020;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 13, the member contributions for active members for the

238.1 calendar year and the prospective annual retirement annuities under the benefit plan for
238.2 active members must be reported;

238.3 (4) actuarial valuations required under section 69.773, subdivision 2, must be made
238.4 at least every four years and actuarial valuations required under section 69.77 shall be
238.5 made annually;

238.6 (5) the actuarial balance sheet showing accrued assets valued at market value if the
238.7 actuarial valuation is required to be prepared at least every four years or valued as current
238.8 assets under section 356.215, subdivision 1, ~~clause (6) paragraph (f)~~, or paragraph (b),
238.9 whichever applies, if the actuarial valuation is required to be prepared annually, actuarial
238.10 accrued liabilities, and the unfunded actuarial accrued liability must include the following
238.11 required reserves:

238.12 (i) for active members:

- 238.13 1. retirement benefits;
238.14 2. disability benefits;
238.15 3. refund liability due to death or withdrawal;
238.16 4. survivors' benefits;

238.17 (ii) for deferred annuitants' benefits;

238.18 (iii) for former members without vested rights;

238.19 (iv) for annuitants;

- 238.20 1. retirement annuities;
238.21 2. disability annuities;
238.22 3. surviving spouses' annuities;
238.23 4. surviving children's annuities;

238.24 In addition to those required reserves, separate items must be shown for additional
238.25 benefits, if any, which may not be appropriately included in the reserves listed above; and

238.26 (6) actuarial valuations are due by the first day of the seventh month after the end of
238.27 the fiscal year which the actuarial valuation covers.

238.28 (b) For the Minneapolis Firefighters Relief Association or the Minneapolis Police
238.29 Relief Association, the following provisions additionally apply:

238.30 (1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability,
238.31 and amortization contribution of the relief association, "current assets" means the value of
238.32 all assets at cost, including realized capital gains and losses, plus or minus, whichever
238.33 applies, the average value of total unrealized capital gains or losses for the most recent
238.34 three-year period ending with the end of the plan year immediately preceding the actuarial
238.35 valuation report transmission date; and

239.1 (2) in calculating the applicable portions of the actuarial valuation, an annual
239.2 preretirement interest assumption of six percent, an annual postretirement interest
239.3 assumption of six percent, and an annual salary increase assumption of four percent must
239.4 be used.

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

239.6 Sec. 4. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

239.19 (5) for employees other than personnel employed by the Board of Trustees of the
239.20 Minnesota State Colleges and Universities and covered under the Higher Education
239.21 Supplemental Retirement Plan under chapter 354C, but including city managers covered
239.22 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
239.23 (a), or by the defined contribution plan of the Public Employees Retirement Association
239.24 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
239.25 provided for in a personnel policy of the public employer or in the collective bargaining
239.26 agreement between the public employer and the exclusive representative of public
239.27 employees in an appropriate unit or in the individual employment contract between a city
239.28 and a city manager, and if for each available investment all fees and historic rates of return
239.29 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
239.30 easily comprehended document not to exceed two pages, in an amount matching employee
239.31 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
239.32 one-half of the available elective deferral permitted per year per employee, under the
239.33 Internal Revenue Code:

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

240.1 (ii) in payment of the applicable portion of the contribution made to any investment
240.2 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
240.3 complied with any applicable pension plan provisions of the Internal Revenue Code with
240.4 respect to the tax-sheltered annuity program during the preceding calendar year; or
240.5 (iii) any other deferred compensation plan offered by the employer under section
240.6 457 of the Internal Revenue Code;

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

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

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

240.24 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
240.25 pipefitters local pension fund for the employees of a governmental subdivision who are
240.26 covered by a collective bargaining agreement that provides for coverage by that fund and
240.27 that sets forth a fund contribution rate, but not to exceed an employer contribution of
240.28 \$5,000 per year per employee;

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

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

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

241.5 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
241.6 deferred compensation program, if the employee makes a contribution, in an amount that
241.7 does not exceed the total percentage of covered salary under section 353.27, subdivisions
241.8 3 and 3a; or

241.9 (14) to the alternative retirement plans established by the Hennepin County Medical
241.10 Center under section 383B.914, subdivision 5.

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

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

241.16 Sec. 5. Laws 2009, chapter 169, article 7, section 4, is amended to read:

241.17 Sec. 4. **EFFECTIVE DATE.**

241.18 Sections 1 to 3 are effective January 1, 2010, ~~and~~ Sections 1 and 2 expire June
241.19 30, 2011.

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

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13.63 RETIREMENT DATA.

Subdivision 1. **Minneapolis Employees Retirement Fund data.** (a) Beneficiary and survivor data. The following data on beneficiaries and survivors of Minneapolis Employees Retirement Fund members are private data on individuals: home address, date of birth, direct deposit account number, and tax withholding data.

(b) Limits on disclosure. Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross pension, and type of benefit awarded.

69.011 QUALIFYING FOR STATE AID.

Subd. 2a. **Metropolitan Airports Commission.** The Metropolitan Airports Commission shall apply for all police state aid that it is eligible to receive on behalf of employees covered under chapter 422A.

352.91 COVERED CORRECTIONAL SERVICE.

Subd. 5. **Correction of errors.** (a) If it is determined that an employee should have been covered by the correctional retirement plan but was placed in the general employees retirement plan or Teachers Retirement Association in error, the commissioner of corrections or the commissioner of human services must report the error to the executive director of the Minnesota State Retirement System. The service must be properly credited under the correctional employees retirement plan for a period of not to exceed five years before the date on which the commissioner of corrections or human services notifies the executive director of the Minnesota State Retirement System in writing or five years from the date on which an employee requests, in writing, the applicable department to determine if the person has appropriate retirement plan coverage, whichever is earlier. If the error covers more than a five-year period, the service before the five-year period must remain under the plan originally credited the service. The employee shall pay the difference between the employee contributions actually paid during the five-year period and what should have been paid under the correctional employees retirement plan. The department making the error shall pay to the correctional employees retirement plan an amount equal to the difference in the present value of accrued retirement benefits caused by the change in coverage after subtracting the amount paid by the employee. Calculation of this amount must be made by the executive director of the Minnesota State Retirement System using the applicable preretirement interest rate specified in section 356.215, subdivision 8, and the mortality table adopted for the Minnesota State Retirement System. The calculation must assume continuous future service in the correctional employees retirement plan until the employee would reach the age eligible for normal retirement. The calculation must also assume a future salary history that includes annual salary increases at the salary increase rate or rates specified in section 356.215, subdivision 8.

(b) If an employee was covered under the correctional employees retirement plan, but it is determined that the person should have been covered under the general employees retirement plan, the error must be corrected if written notification is provided to the employee and the executive director of the Minnesota State Retirement System within three years of the date on which the coverage was improperly started. The difference in employee and employer contributions actually paid to the correctional employees retirement plan in excess of the amount that should have been paid to the general employees retirement plan must be refunded to the employee and the employer paying the additional contributions.

353.01 DEFINITIONS.

Subd. 40. **Reduced salary during period of workers' compensation.** (a) A member who is receiving temporary workers' compensation payments related to the member's service to the public employer and who either is receiving a reduced salary from the employer during that period or is receiving no salary from the employer during that period is entitled to receive allowable service and salary credit for the period of time that the member is receiving the workers' compensation payments upon making the payments specified in this subdivision.

(b) The differential salary amount is the difference between the average rate of salary received by the member, if any, during the period of time that the member is collecting temporary workers' compensation payments and the average rate of salary of the member on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before beginning to collect the temporary workers'

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compensation payments, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(c) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount; plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount; plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(d) The employer may, by appropriate action of its governing body and documented in its official records, pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(e) Payment under this subdivision must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable months from the date on which the temporary workers' compensation payments terminate to the date on which the payment or payments are received by the executive director. Payment under this subdivision must be completed within one year after the termination of the temporary workers' compensation payments to the member, or within 20 days after the termination of public service by the employee under subdivision 11a, whichever is earlier.

353.46 SAVINGS CLAUSES.

Subd. 1a. **Purchase of allowable service; annuity.** A person who purchased allowable service in the Public Employees Retirement Association for a period of time including June 30, 1957, but was not in fact a member of the association on June 30, 1957, shall not be entitled to receive retirement annuity computed under Minnesota Statutes 1971, section 353.46, subdivision 1. This section shall have retroactive application to any such person receiving or found eligible by the district court to receive benefits calculated under Minnesota Statutes 1971, section 353.46, subdivision 1.

353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND CERTIFICATION FAILURES.

(a) If the board of trustees of the Public Employees Retirement Association, upon the recommendation of the executive director, determines that a governmental subdivision has certified a public employee for membership in the public employees police and fire retirement plan when the public employee was not eligible for that retirement plan coverage, the public employee must be covered by the correct retirement plan for subsequent service, the public employee retains the coverage for the period of the misclassification, and the governmental subdivision shall pay in a lump sum the difference in the actuarial present value of the retirement annuities to which the public employee would have been entitled if the public employee was properly classified. The governmental subdivision payment is payable within 30 days of the board's determination. If unpaid, it must be collected under section 353.28. The lump-sum payment must be deposited in the public employees retirement fund.

(b) If the executive director of the Public Employees Retirement Association determines that a governmental subdivision has failed to certify a person for retirement plan membership and coverage under this chapter, in addition to the procedures under section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of \$25 for each membership certification failure.

353D.03 FUNDING OF PLAN.

Subd. 2. **Physician contribution.** An eligible physician who elects to participate in the plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. The employer shall contribute a matching amount.

353D.12 CONTRIBUTIONS FOR PRIOR ELECTED SERVICE.

Subdivision 1. **Eligibility; contributions.** An elected local government official who participates in the defined contribution plan under this chapter may make contributions to the plan for the service as an elected public officer rendered before June 30, 1991, that was not covered by a public or private employer contributory pension plan, including a plan administered

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by the public employees retirement association under chapter 353. An elected local government official may make contributions for prior elected service to the defined contribution plan even if eligibility criteria for the defined benefit plan under chapter 353 were not met at the time service was rendered. The association shall not accept contributions for prior elected service from a former elected official after the end of the tax year in which the elected official ceases to hold office. Employer contributions on behalf of the former elected official must be made to the association no later than 30 days after April 15 following the end of the tax year under section 415 of the federal Internal Revenue Code, as amended. Employee contributions must be made to the association no later than 30 days after the close of the limitation year under section 415 of the federal Internal Revenue Code, as amended.

Subd. 2. **Amount of prior service contributions.** (a) The employee purchase amount is that amount that the participating elected local government official specifies, but combined with subdivision 6 may not exceed in total the amount of the employee and employer contributions that would have been payable under section 353.27, subdivisions 2, 3, and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service and based on the rates in effect during the prior service, plus interest at an annual compound rate of six percent.

(b) In any year, the purchase amount to be paid in is subject to the limitation for defined contribution plans under section 415(c) of the federal Internal Revenue Code, as amended, or comparable contribution limitation set forth in the federal Internal Revenue Code, and applicable regulations and revenue rulings, remaining after subtracting the funding amounts under section 353D.03, paragraph (a), for that year.

Subd. 3. **Installment payments.** The purchase amount may be made in annual installments but may not exceed, combined with subdivision 6, in any installment the limitation set forth in subdivision 2, paragraph (a), or in total the limitation set forth in subdivision 2, paragraph (a).

Subd. 4. **Authorized rollovers.** To the extent allowed by federal law, the employee purchase amount may be made with funds distributed from: (1) a plan qualified under section 401(a) of the federal Internal Revenue Code, as amended; (2) an annuity qualified under section 403(a) of the federal Internal Revenue Code, as amended; (3) an individual retirement account used solely to receive a nontaxable rollover from that type of plan or annuity; (4) the state deferred compensation plan authorized under section 352.965 and qualified under section 457 of the federal Internal Revenue Code, as amended; or (5) another tax qualified plan or annuity that authorizes rollovers. The participating elected local government official shall supply sufficient written documentation that the transfer amounts are eligible for tax-free rollover treatment. An authorized tax-free rollover, plus any other purchase amount payments under this section, including subdivision 6, may not exceed the limitation in subdivision 2, paragraph (a). Notwithstanding any provision of state law or rule to the contrary, to the extent permitted under federal law, the employee purchase amount may be transferred from the state deferred compensation plan before the employee terminates public employment.

Subd. 5. **Prior service and compensation documentation.** The participating elected local government official shall supply sufficient documentation of the person's prior uncredited service and compensation for which the purchase payment is made.

Subd. 6. **Employing unit payment.** The employing unit of the participating elected local government official shall pay the amount of the employer contributions that could have been payable under section 353.27, subdivisions 3 and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service, plus interest at an annual compound rate of six percent. This amount combined with any employee purchase amount and any contributions under section 353D.03, paragraph (a), must in any year comply with the limitation set forth in subdivision 2, paragraph (a).

354A.27 DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; POSTRETIREMENT ADJUSTMENT MECHANISM.

Subdivision 1. **Postretirement adjustment modification.** Any postretirement adjustment payable from the Duluth Teachers Retirement Fund Association must be computed and paid according to this section.

354C.15 REDEMPTION OF SUPPLEMENTAL INVESTMENT FUND SHARES.

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel

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covered by the supplemental retirement plan upon the election by the person of an investment option other than the supplemental investment fund, except as provided in paragraph (b).

(b) The redemption of shares in the fixed interest account attributable to a guaranteed investment contract as of July 1, 1994, may not occur until the expiration date of the applicable guaranteed investment contract.

(c) The Board of Trustees of the Minnesota State Colleges and Universities shall transfer the cash realized from a redemption of Minnesota supplemental investment fund shares to the financial institution or institutions selected by the State Board of Investment under section 354B.25, subdivision 3.

356.43 SUPPLEMENTAL BENEFIT; LUMP-SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.

Subdivision 1. **Entitlement.** Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "\$2 bill and annuity" annuity from the Minneapolis Employees Retirement Fund is entitled to receive a supplemental benefit lump-sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. **Amount of payment.** (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump-sum payment under subdivision 1, the payment is \$28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient is entitled to receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis Employees Retirement Fund.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. **State appropriation.** Payments under this section are the responsibility of the Minneapolis Employees Retirement Fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually \$550,000 from the general fund to the commissioner of management and budget to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision, plus investment earnings on the aid, shall be included by the retirement fund board and the actuary retained under section 356.214 in determining the financial requirements of the fund and contributions under section 422A.101.

422A.01 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of this chapter the terms defined in this section shall have the following meanings.

Subd. 2. **City.** "City" means the city of Minneapolis.

Subd. 3. **Retirement allowance.** "Retirement allowance" means either a service allowance to which an employee may be entitled who retires from the city service after having attained the minimum established age for retirement or a "disability allowance" to which an employee may be entitled who retires from the city service as a result of disability before having attained the minimum age for retirement.

Subd. 4. **Annuity.** "Annuity" means payments for life derived from contributions made by an employee, as provided in this chapter.

Subd. 4a. **Average salary.** (a) "Average salary" means the arithmetic average annual salary, wages, or compensation of the member from the city for any five calendar years out of the last ten calendar years of service, except as provided for in section 422A.16, which may include the year in which the employee retires, as selected by the employee.

(b) A member with more than five calendar years of service, but less than ten calendar years, may select any five calendar years of service to determine the average salary. A member with less than five years of service with the city shall use all earnings to determine the average salary.

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Subd. 5. **Pension.** "Pension" means payments for life derived from credits allowed and appropriations made by the city, as provided in this chapter.

Subd. 6. **Present worth or present value.** "Present worth" or "present value" means that the present amount of money if increased at the applicable postretirement or preretirement interest rate assumption specified in section 356.215, subdivision 8, and based on the mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, will at retirement equal the actuarial accrued liability of the annuity already earned.

Subd. 7. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal present worth or present value as another annuity or benefit.

Subd. 8. **Established age.** "Established age" means the minimum age for retirement on a service allowance as specified by or pursuant to this chapter.

Subd. 9. **Public corporation.** "Public corporation" includes Metropolitan Airports Commission, Metropolitan Council and municipal employees retirement fund.

Subd. 10. **Unfunded actuarial accrued liability.** "Unfunded actuarial accrued liability" means the difference between the actuarial accrued liability to date and the corresponding assets valued under section 356.215, subdivision 1, clause (6).

Subd. 11. **Employee.** "Employee" means a person who is not exempted from the contributing class under section 422A.09, subdivision 3, who was employed before July 1, 1979, by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of city government or independently if financed in whole or in part by city funds, including a person who was employed by a public corporation as herein defined, a person who was employed before July 1, 1979, by Special School District No. 1, and who is not a member of any other retirement system, and a person who was employed before July 1, 1973, by the county of Hennepin, who was entitled by law to elect and has elected to retain membership in the Minneapolis Employees Retirement Fund and who makes any required member contributions to the fund and who remains so employed.

Subd. 12. **Dependent.** "Dependent" means a spouse, child, or any person actually dependent upon and receiving over 50 percent of support from such employee.

Subd. 13a. **Covered salary.** (a) "Salary" is subject to the limitations of section 356.611.

(b) "Salary" also includes the contributions to a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), for an employee who is covered by a supplemental retirement plan which requires that all plan contributions be made by the person's employer from mandatory withholdings from the employee's wages.

Subd. 17. **Firefighter.** "Firefighter," for purposes of section 422A.151, means an employee of the metropolitan airports commission who was employed by the commission before June 30, 1978, and whose employment duties include, at a minimum, full-time service as an employee of a designated fire company who is engaged primarily in fire suppression and related duties, or as a person who is in charge of a designated fire company or companies and who is engaged in the hazards of fire fighting.

Subd. 18. **Licensed peace officer.** "Licensed peace officer," for purposes of section 422A.151, means an employee of the Metropolitan Airports Commission who was employed by the commission before June 30, 1978, and whose employment duties include, at a minimum, full-time service as an officer whose primary job it is to enforce the law, who is licensed by the Minnesota Board of Peace Officer Standards and Training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.

422A.02 RETIREMENT BOARD; MEMBERS.

A retirement board of seven members is hereby constituted which shall consist of the following:

- (1) mayor, or a designee selected by the mayor;
- (2) one member of the city council selected by the council; and
- (3) five legally qualified voters to be chosen by the members of the retirement fund created by this chapter at least two of whom shall be retired members. The members may form an association for that purpose and the employing authorities are authorized to make payroll deductions for the payment of dues to the association. The persons selected shall serve for staggered terms of three years from the first of the next succeeding January after their election, and until their successors are duly elected. The selection shall be made by the members of the association during the first week of December of each year. Vacancies occurring by death,

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resignation, or removal of representatives shall be filled by representatives chosen by the members of the association.

422A.03 MEETINGS; EMPLOYEES; RULES AND REGULATIONS.

Subdivision 1. **Meetings; employees.** The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a four-sevenths vote of all members of the board, appoint an executive director, who shall have charge of the performance of the duties required by the provisions of this chapter, and who shall appoint other necessary employees to positions approved in advance by the board. If at the time of appointment as executive director the appointee holds a position subject to the civil service rules and regulations of the city the appointee shall be deemed to be on leave of absence from the civil service position during tenure as executive director, and upon termination of service shall be returned to the appointee's permanent civil service classification. If no vacancy is available in the appointee's permanent civil service classified position, seniority shall prevail, and the person most recently certified to the position shall be returned to the permanent civil service classification held prior to such certification.

Subd. 2. **Removal of executive director; classification of employees.** The executive director may be removed by a four-sevenths vote of all members of the board at a meeting called for that purpose. Before exercising the power of removal, 15 days' written notice shall be given to the executive director setting forth the cause for removal and stating the time and place where the charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city unless the board determines that they should be unclassified. The compensation of the executive director and the other employees under the supervision of the board shall be fixed by the board.

Subd. 3. **Officers.** At the regular meeting in January each year, the board shall elect from among its members a president, a vice-president, and a secretary-treasurer, who shall hold office for one year or until successors have been elected and qualified. The president, if present, shall preside at all meetings. In the absence of the president the vice-president shall preside and have all the powers of the president while acting as such. The recording secretary shall keep a record of all proceedings of the board, which shall be open to public inspection. At least one of the officers of the board shall be one of the representatives elected by the employees of the city to the board.

Subd. 4. **Rules.** Subject to the limitations of law, the board shall from time to time establish rules and regulations for the administration of the fund or funds created by this chapter and for the transaction of its business. Roberts rules of order shall be the rules of order of the board except as otherwise specifically adopted.

Subd. 5. **Powers of executive director.** For the purpose of administration, except as otherwise herein provided, the executive director, under the direction of the board, shall perform any and all acts and make regulations as may be necessary and proper for the purpose of carrying out the provisions of this chapter.

422A.04 EXPENSES; REPORTS; RECORDS; POWERS.

Subdivision 1. **Requirements of board members.** The members of the retirement board shall serve without compensation but shall be reimbursed for any necessary expenditures and no employee shall suffer loss of salary or wages through serving on the board. Every member of the board shall take a similar oath of office as taken by employees of the city and such oath shall be subscribed to by each member and filed with the clerk of the city.

Subd. 2. **Actuarial data.** The board shall keep in convenient form any data necessary for the preparation of the annual actuarial valuation of the fund created by this chapter. The actuarial valuation of the fund shall be governed by the provisions of chapter 356.

Subd. 3. **Experience data and mortality tables.** The board shall prepare and keep any needful tables, records, and accounts required for carrying out the provisions of sections 422A.01 to 422A.25, including data showing the mortality and disability experience of the officers and employees of the service and the date of withdrawal from service, and any other information that may serve as a guide for future actuarial valuations and adjustments in the actuarial assumptions for the retirement fund. Mortality tables shall be adopted and may be modified from time to time by the board based on the experience of the fund as recommended by the actuary retained under section 356.214 as a basis of calculation for retirement allowances, with any recommendation by the actuary retained as a part of the permanent records of the board.

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Subd. 4. **Other powers.** The board shall perform such other functions as are required for the execution of the provisions of this chapter. For the purposes of this chapter, the board shall possess the powers and privileges of a corporation, and as such may sue and be sued, and shall have the right to issue subpoenas and to compel the attendance of witnesses.

422A.05 TRUSTEE OF FUNDS.

Subdivision 1. **Power over funds.** The members of the retirement board shall be the trustees and custodians of the several funds created by this chapter and shall have exclusive control and management of these funds, and power to invest them and to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by this chapter shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds. The power to manage and invest the assets of the funds must be exercised by the retirement board solely through professional investment or property management firms that are independent of the retirement fund. No financial or property assets of the funds may be managed, serviced, or invested internally or in-house at the retirement fund, except that any investment held by a fund on February 1, 1993, that is not readily tradable on an established securities exchange may continue to be managed directly by the retirement board until the investment is converted to cash. The retirement board's functions under this section consist primarily of establishing and effectuating investment policy and structure, managing the investment process, monitoring and measuring the performance of the external independent professional investment or property management firms, retaining or terminating agreements with these firms, apportioning the assets of the funds to be managed among these firms, and making financial decisions on issues if approvals have been specifically reserved by and to the board.

Subd. 2a. **Fiduciary duty.** (a) In the discharge of their respective duties, the members of the board, the executive director, the board staff, and any person charged with the responsibility of servicing assets of the funds pursuant to the standards set forth in this chapter shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. In addition, the members of the board and the chief administrative officer shall act in a manner consistent with chapter 356A.

(b) Individuals authorized by the board to manage or invest the assets of the funds must act in a manner consistent with chapter 356A. In addition, these individuals must act in good faith and exercise that degree of judgment, skill, diligence, and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence acting in a like capacity and familiar with the activity would exercise.

Subd. 2b. **Conflicts of interest.** No member of the board may participate in the deliberations or the voting on any matter before the board which will or is likely to result in direct, measurable personal gain to the member.

Subd. 2c. **Minneapolis Employees Retirement Fund investment authority.** (a) For investments made on or after July 1, 1991, the board shall invest funds only in investments authorized by section 356A.06, subdivision 7.

(b) However, in addition to real estate investments authorized under paragraph (a), the board may also make loans to purchasers of Minnesota situs nonfarm residential real estate that is owned by the Minneapolis Employees Retirement Fund. The loans must be secured by mortgages or deeds of trust.

(c) For investments made before July 1, 1991, the board may, but is not required to, comply with paragraph (a). However, with respect to these investments, the board shall act in accordance with subdivision 2a and chapter 356A.

(d) The board may certify assets for investment by the State Board of Investment under section 11A.17. Alternatively or in addition, the board may certify assets for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

Subd. 2d. **Account transfers.** Notwithstanding any law to the contrary, the retirement board, subject to the standards of subdivision 2a and chapter 356A, may transfer assets between accounts established by section 422A.06.

Subd. 2e. **Standing; parties.** In addition to other parties with claims under statute or the common law, the state and a political subdivision that helps to finance a plan have standing to sue on behalf of all taxpayers and the plan beneficiaries for an alleged breach of fiduciary duty. If a suit is brought by the state or a political subdivision under this subdivision, no separate suit regarding the same claims on behalf of taxpayers of the state or a political subdivision or of

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beneficiaries may be allowed, and any suit then pending on behalf of taxpayers of the state or a political subdivision or of beneficiaries must be dismissed unless the court determines that its dismissal would prejudice or limit the rights or claims of the taxpayers or beneficiaries. Nothing in this subdivision precludes suits by both the state and an affected political subdivision or suits by the retirement board on behalf of one or more of the funds.

Subd. 2f. **Attorney fees.** The court shall award reasonable attorney fees and costs of litigation, in addition to damages and other relief, in a suit where a breach of fiduciary duty is found under subdivision 2a or chapter 356A.

Subd. 5. **Payments; revolving fund.** All payments from the funds created by this chapter shall be signed by the treasurer, executive director, or other person appointed by the retirement board, and no payment shall be made except by order of the board duly entered in the record of its proceedings, except that the board may create a revolving fund in an amount as may be necessary to be used for the purpose of withdrawals from the fund of excess contributions; refunds to employees upon their separation from the service and for other purposes as may be determined by the board. The revolving fund shall be periodically reimbursed as set forth herein. It shall be subject to withdrawal upon check signed by the executive director, or other person appointed by the board.

Subd. 6. **Special funds.** The board may, in carrying out the provisions of this chapter, establish special funds supplementing individual contributions by the employees and to receive, invest, and disburse for such purpose all moneys in the form of donations, gifts, legacies, bequests, or otherwise which may be contributed by private individuals or corporations or organizations for the benefit of the city employees generally, or any special employee or class of employees of the city.

Subd. 8. **Health insurance.** The retirement board may authorize the executive director or the executive director's designee to:

- (1) offer the beneficiaries of the fund the option of having their health insurance premiums deducted automatically from their monthly benefit amounts and paid to a designated insurer; and
- (2) provide beneficiaries information about available group health insurance plan options.

Beneficiaries who elect to avail themselves of this service are ultimately responsible for the timely payment of premiums and the payment of premiums in the proper amount.

422A.06 RETIREMENT FUND.

Subdivision 1. **Creation; divisions of fund.** For the purposes of this chapter, there is established the Minneapolis Employees Retirement Fund. That retirement fund is subdivided into (1) a deposit accumulation fund, (2) a survivor benefit fund, (3) a disability benefit fund, and (4) a retirement benefit fund. The expense of the administration of the retirement fund must be paid from the deposit accumulation fund, less the amount as the retirement board may charge against income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

Subd. 2. **Actuarial valuation required.** (a) As of July 1 of each year, an actuarial valuation of the retirement fund shall be prepared by the actuary retained by the joint retirement systems under section 356.214 and filed in conformance with the provisions and requirements of sections 356.215 to 356.23. Experience studies shall be prepared at those times required by statute, required by the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement or ordered by the board.

(b) The board may contract for the services of an approved actuary and fix the reasonable compensation for those services. Any approved actuary retained by the board shall function as the actuarial advisor to the board and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the joint retirement systems under section 356.214. Any supplemental actuarial valuations or experience studies must be filed with the executive director of the Legislative Commission on Pensions and Retirement.

Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists of the assets held in the fund, including amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state, and by income from investments.

(b) There must be paid from the fund the amounts required to be transferred to the retirement benefit fund, or the disability benefit fund, refunds of contributions, including the death-while-active refund specified in section 422A.22, subdivision 4, postretirement increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969, chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement

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board against the income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

(c) To the extent that the deposit accumulation fund has insufficient assets to transfer the total value of the required reserves for retirement annuities to either the disability benefit fund under subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required, the deposit accumulation fund has a transfer amount payable on which an interest charge accrues. The executive director must determine the interest charge for the period that the transfer amount payable remains unpaid at an annual rate equal to five percent plus the percentage increase in the amount of the annual Consumer Price Index for urban wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the United States Department of Labor from the previous June 30. The interest charge must be reflected in the books of the Minneapolis Employees Retirement Fund and assessed against the deposit accumulation fund based on the average quarterly transfer amount payable balance outstanding. Any revenue received by the deposit accumulation fund subsequent to unpaid transfers must be transferred from the deposit accumulation fund to the disability benefit fund or to the retirement fund, whichever applies, and must first be applied to any remaining interest charge and then must be applied to the principal amount of transfer amount payable outstanding.

Subd. 5. Transfer of reserves to retirement benefit fund; adjustments of annuities and benefits. (a) Assets equal to the required reserves for retirement annuities as determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the postretirement interest assumption specified in section 356.215, subdivision 8, must be transferred to the disability benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) To the extent that the deposit accumulation fund has insufficient assets to cover a full required transfer amount, the applicable fund must be credited with an interest-bearing transfer amount payable.

(c) Annuity payments must be adjusted in accordance with this chapter, except that no minimum retirement payments described in this chapter must include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(d) Increases in annuity payments under this section shall be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase not be made.

(e) Any additional annuity which began to accrue on July 1, 1973, or which began to accrue on January 1, 1974, under Laws 1973, chapter 770, section 1, must be considered as part of the base amount to be used in determining any postretirement adjustments payable under the provisions of subdivision 8.

Subd. 6. Survivor's benefit fund. The survivor's benefit fund consists of the amount held for survivor benefits, increased by contributions for survivor benefits made by and for employees, including contributions made by the employer, by any municipal activity supported in whole or in part by revenue other than taxes or by any public corporation. A proportionate share of income from investments must be allocated to this fund. Survivor benefits specified in section 422A.23 must be paid from this fund.

Subd. 7. Disability benefit fund. (a) A disability benefit fund is established, containing the required reserves for disability allowances under this chapter. A proportionate share of income from investments must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. The disability allowances payable under this chapter must be paid from this fund.

(b) In the event of the termination of any disability allowance for any reason other than the death of the recipient, the balance of the required reserves for the disability allowance as of the date of the termination must be transferred from the disability benefit fund to the deposit accumulation fund.

(c) At the end of each fiscal year, as part of the annual actuarial valuation, a determination must be made of the required reserves for all disability allowances being paid from the disability benefit fund. Any excess of assets over actuarial required reserves in the disability benefit fund must be transferred to the deposit accumulation fund. Unless subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the disability benefit fund must be funded by a transfer of the appropriate amount of assets from the deposit accumulation fund.

Subd. 8. Retirement benefit fund. (a) The retirement benefit fund consists of amounts held for payment of retirement allowances for members retired under this chapter, including any transfer amount payable under subdivision 3, paragraph (c).

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(b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves for retirement allowances under this chapter determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 must be transferred from the deposit accumulation fund to the retirement benefit fund as of the last business day of the month in which the retirement allowance begins. The income from investments of these assets must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. There must be paid from this fund the retirement annuities authorized by law. A required reserve calculation for the retirement benefit fund must be made by the actuary retained under section 356.214 and must be certified to the retirement board by the actuary retained under section 356.214.

(c) There is established a deferred yield adjustment account which must be increased by the sale or disposition of any debt securities at less than book value and must be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account must be offset against the investment income for that year. The annual portion of the balance to be offset must be proportional to the reciprocal of the average remaining life of the bonds sold, unless the amounts are offset by gains on the future sales of these securities. The amount of this account must be included in the recognized value of assets other than corporate stocks and all other equity investments. In any fiscal year in which the gains on the sales of debt securities exceed the discounts realized on the sales of such securities, the excess must be used to reduce the balance of the account. If the realized capital gains are sufficient to reduce the balance of the account to zero, any excess gains must be available for the calculation of postretirement adjustments.

(d)(1) Annually, following June 30, the board shall use the procedures in clauses (2), (3), and (4), to determine whether a postretirement adjustment is payable and to determine the amount of any postretirement adjustment.

(2) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the board shall certify the percentage increase. The amount certified must not exceed 3.5 percent.

(3) In addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:

(i) the board shall determine the market value of the fund on June 30 of that year;

(ii) the amount of reserves required as of the current June 30 for the annuity or benefit payable to an annuitant and benefit recipient must be determined by the actuary retained under section 356.214. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. The amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment is known as "eligible reserves." The amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, additional "eligible reserves" is an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves are "noneligible reserves";

(iii) the board shall determine the percentage increase certified under clause (2) multiplied by the eligible required reserves, as adjusted for mortality gains and losses, determined under item (ii);

(iv) the board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under item (iii);

(v) the board shall subtract the amount determined under item (iv) from the market value of the fund determined under item (i);

(vi) the board shall adjust the amount determined under item (v) by the cumulative current balance determined under item (viii) and any negative balance carried forward under item (ix);

(vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess market value. A negative amount is the negative balance;

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(viii) the board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and

(ix) to calculate the postretirement adjustment under this paragraph based on investment performance for a fiscal year, the board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under item (ii).

(4) The board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(i) the total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by item (ii) must be certified to the board by the actuary retained under section 356.214. The total "eligible" required reserves must be determined by the actuary retained under section 356.214 on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and

(ii) the board shall add the percentage certified under clause (2) to any positive percentage calculated under clause (3). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under clause (3). The sum of these percentages must be carried to five decimal places and must be certified as the full postretirement adjustment percentage.

(e) The board shall determine the amount of the postretirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the postretirement adjustment must be calculated by applying the certified postretirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient eligible for a full adjustment.

The dollar amount of the partial postretirement adjustment payable to each annuitant or benefit recipient eligible for a partial adjustment must be calculated by first determining a partial percentage amount that bears the same ratio to the certified full adjustment percentage amount as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The partial percentage amount determined must then be applied to the amount of the monthly annuity or benefit payable to each annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The postretirement adjustments are payable on January 1 following the calculations required under this section and must thereafter be included in the monthly annuity or benefit paid to the recipient. Any adjustments under this section must be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

(f) As of June 30 annually, the actuary retained under section 356.214 shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred during the fiscal year and report the results of those calculations to the plan. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a postretirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a postretirement benefit adjustment. If the net amount of required reserves represents a mortality gain, the board shall sell sufficient securities or transfer sufficient available cash to equal the amount. If the amount of required reserves represents a mortality loss, the plan shall transfer an amount equal to the amount of the net mortality loss. The amount of the transfers must be determined before any postretirement benefit adjustments have been made. All transfers resulting from mortality adjustments must be completed annually by December 31 for the preceding June 30. Interest is payable on any transfers after December 31 based upon the preretirement interest assumption for the participating plan or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book values of the assets of the fund must be determined only after all adjustments for mortality gains and losses for the fiscal year have been made.

(g) All money necessary to meet the requirements of the certification of withdrawals and all money necessary to pay postretirement adjustments under this section are hereby and from time to time appropriated from the postretirement investment fund to the board.

(h) Annually, following the calculation of any postretirement adjustment payable from the retirement benefit fund, the board of trustees shall submit a report to the executive director of the Legislative Commission on Pensions and Retirement and to the commissioner of management and

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budget indicating the amount of any postretirement adjustment and the underlying calculations on which that postretirement adjustment amount is based, including the amount of dividends, the amount of interest, and the amount of net realized capital gains or losses utilized in the calculations.

(i) With respect to a former contributing member who began receiving a retirement annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, or with respect to a survivor of a former contributing member who began receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living adjustment payable to those annuity or benefit recipients annually must be transferred back to the deposit accumulation fund to the credit of the Metropolitan Airports Commission. The calculation of this annual reduced cost-of-living adjustment reserve transfer must be reviewed by the actuary retained under section 356.214.

422A.08 FINANCING OF CITY'S CONTRIBUTION.

Subdivision 1. **Financing.** All income, interest and dividends derived from deposits and investments authorized by this chapter shall be placed to the credit of the retirement fund.

Subd. 5. **Service credit purchase.** Any contributor who prior to entering the service of the city was an employee of a public corporation, is authorized, using the procedure in section 356.551, to purchase allowable service credit in the retirement fund for employment by the public corporation in the same manner as though the service had been rendered to the city, providing that the individual has not received service credit and is not eligible to receive service credit for this period under any other plan or fund listed in section 356.30, subdivision 3. Before receiving credit for service rendered to a public corporation as herein set forth, the contributing employee shall make application therefor in writing to the retirement board, and shall contribute to the retirement fund the amount specified in section 356.551.

422A.09 CLASSIFICATION OF EMPLOYEES.

Subdivision 1. **Two classes.** Employees of the city shall be divided into a contributing class and an exempt class.

Subd. 2. **Contributing class.** (a) The contributing class shall consist of all employees not included in the exempt class, who become prospective beneficiaries of the fund created by this chapter.

(b) A member of the contributing class who is granted a leave of absence without pay by the member's employer to serve as an employee or agent of a labor union representing members of the contributing class may continue as a member of the contributing class during the period of such leave of absence by depositing each month with the fund the amount of the contribution of the employee as required by this chapter which amount shall be the normal employee contribution.

(c) The contributions referred to in this subdivision shall be based on the salary for the position or its equivalent held by the member immediately prior to such leave of absence subject to any adjustment thereof during the period of such leave.

Subd. 3. **Exempt class.** The exempt class shall consist of:

(1) Employees who are members of any other organization or association of the city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position; provided that any elective officer holding an elective city office, except a judge of municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service and attaining at least 60.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin County, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution as required under section 422A.10. The employer contribution on behalf of the elected officer must be paid by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to

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the fund an amount equal to the amount of contributions to the fund which the person would have made had the person been a contributor to the fund since the date the person first became eligible for membership in the fund, under section 422A.10, plus six percent compound interest.

(3) Persons serving without pay.

(4) Persons employed on a temporary basis, as doorkeepers, ticket takers, and attendants at the municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who were contributing members of the fund on July 1, 1959 shall not be affected by the exclusions in this section.

(5) A person who is exempted from the contributing class by Minnesota Statutes 1974, section 422A.09, subdivision 3, clauses (4) and (5), but who is employed by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of the city government or independently, if financed in whole or in part by city funds, including any person employed by a public corporation, and including any person employed by Special School District No. 1, each of whom is not a member of any other retirement system, who later becomes a contributing member of the fund may elect to qualify at that time for credit by paying into the fund an amount equal to the amount of contributions to the fund which the person would have made had the person been a contributor to the fund since the date the person first qualified as an exempt member of the contributing class, under section 422A.10, plus six percent compound interest.

Subd. 4. **City coordinator; assistant city coordinator.** The exempt class shall also consist of persons filling the positions of Minneapolis city coordinator and assistant city coordinator, provided that any such person shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class. If a person filling the position of city coordinator or assistant city coordinator does not elect to become a member of the contributing class, the city of Minneapolis may pay to such person, in addition to the salary allowed under any limitations imposed upon salaries by any law, an amount equal to what would be the employer's contribution for normal costs to the retirement fund if the employee was a member of the contributing class, provided that such employee agrees that the additional salary shall be deposited by the city in a deferred compensation program.

422A.10 SALARY DEDUCTIONS.

Subdivision 1. **Member contribution; deductions.** (a) There must be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class an amount equal to 9-1/4 percent of such salary, pay or compensation, except as hereinafter provided.

(b) The retirement board may increase the percentage rate of contribution to the retirement fund of any employee or employees for the purpose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which must be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided. Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan must be the property of the fund, and must be credited to the reserve for loss in investment account.

Subd. 2. **Mandatory member contributions.** Every employee to whom this chapter applies is deemed to consent and agree to the deductions made and provided for herein, and payment with such reductions, for service, are a full and complete discharge and acquittance of all claims and demands for all services rendered by such person during the period covered by such payment; except the person's claim to the benefits to which the person may be entitled under the provisions of this chapter.

Subd. 3. **Option to increase contributions.** Subject to such terms and conditions and to such rules and regulations as the retirement board may adopt, any contributor from time to time may increase or decrease the contributor's rate of contribution to the retirement fund, but in no event shall the contribution be less than the minimum contribution specified in the provisions of this chapter.

422A.101 PREPARATION OF FINANCIAL REQUIREMENTS OF FUND; EMPLOYER CONTRIBUTIONS.

Subdivision 1. **Financial requirements of fund.** Prior to July 31 annually, the retirement board, in consultation with the actuary retained under section 356.214, shall prepare an itemized statement of the financial requirements of the fund for the succeeding fiscal year. A copy of the

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statement shall be submitted to the city council, the board of estimate and taxation of the city, the managing board or chief administrative officer of each city owned public utility, improvement project or municipal activity supported in whole or in part by revenues other than real estate taxes, public corporation, or unit of metropolitan government employing members of the fund, the board of Special School District No. 1, and the state commissioner of management and budget prior to July 31 annually. The statement shall be itemized and shall include the following:

(1) an estimate of the administrative expenses of the fund for the following year, including the amount necessary to amortize through June 30, 2020, the annual costs that are determined by the retirement board to be related to investment activities of the deposit accumulation fund other than actual investment transaction amounts;

(2) an estimate of the normal cost of the fund expressed as a dollar amount, which shall be determined by applying the normal cost of the fund as reported in the most recent actuarial valuation prepared by the actuary retained under section 356.214 and expressed as a percentage of covered payroll to the estimated total covered payroll of all employees covered by the fund for the following year;

(3) an estimate of the contribution required to amortize on a level annual dollar basis the unfunded actuarial accrued liability of the fund by June 30, 2020, using an interest rate of six percent compounded annually as reported in the most recent actuarial valuation, prepared by the actuary retained under section 356.214 expressed as a dollar amount. In determining the amount of the unfunded actuarial accrued liability of the fund, all assets other than the assets of the retirement benefit fund shall be valued as current assets as defined under section 356.215, subdivision 1, clause (6), and the assets of the retirement benefit fund shall be valued equal to the actuarially determined required reserves for benefits payable from that fund;

(4) the amount of any deficiency in the actual amount of any employer contribution provided for in this section when compared to the required contribution amount certified for the previous year, plus interest on the amount at the rate of six percent per annum.

Subd. 1a. **City contributions.** (a) Prior to August 31 of each year, the retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the city for the succeeding fiscal year, and a copy of the statement shall be submitted to the board of estimate and taxation and to the city council by September 15. The financial requirements of the fund payable by the city shall be calculated as follows:

(1) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees covered by the retirement fund which equals the difference between the level normal cost plus administrative cost as reported in the annual actuarial valuation prepared by the actuary retained under section 356.214 and the employee contributions provided for in section 422A.10 less any amounts contributed toward the payment of the balance of the normal cost not paid by employee contributions by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by Special School District No. 1 pursuant to subdivision 2;

(2) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees covered by the retirement fund less any amounts contributed toward amortization of the unfunded actuarial accrued liability by June 30, 2020, attributable to their respective covered employees by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by Special School District No. 1 pursuant to subdivision 2; and

(3) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the city as disclosed in the annual actuarial valuation prepared by the actuary retained under section 356.214.

(b) The city council shall, in addition to other taxes levied by the city, annually levy a tax equal to the amount of the financial requirements of the fund which are payable by the city. The tax, when levied, shall be extended upon the county lists and shall be collected and enforced in the same manner as other taxes levied by the city. If the city does not levy a tax sufficient to meet the requirements of this subdivision, the retirement board shall submit the tax levy statement directly to the county auditor, who shall levy the tax. The tax, when levied, shall be extended upon the county lists and shall be collected and paid into the city treasury to the credit of the retirement fund. Any amount to the credit of the retirement fund shall constitute a special fund and shall be used only for the payment of obligations authorized pursuant to this chapter.

Subd. 2. **Contributions by or for city-owned public utilities, improvements, or municipal activities.** (a) Contributions by or for any city-owned public utility, improvement

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project, and other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, Special School District No. 1, or Hennepin County, on account of any employee covered by the fund, shall be calculated as follows:

(1) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees of the employing unit covered by the retirement fund which equals the difference between the level normal cost plus administrative cost reported in the annual actuarial valuation prepared by the actuary retained under section 356.214 and the employee contributions provided for in section 422A.10;

(2) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees of the employing unit covered by the retirement fund;

(3) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the employer as disclosed in the annual actuarial valuation prepared by the actuary retained under section 356.214.

(b) The city council or any board or commission may, by proper action, provide for the inclusion of the cost of the retirement contributions for employees of any city-owned public utility or for persons employed in any improvement project or other municipal activity supported in whole or in part by revenues other than taxes who are covered by the retirement fund in the cost of operating the utility, improvement project, or municipal activity. The cost of retirement contributions for these employees shall be determined by the retirement board and the respective governing bodies having jurisdiction over the financing of these operating costs.

(c) The cost of the employer contributions on behalf of employees of Special School District No. 1 who are covered by the retirement fund shall be the obligation of the school district. Contributions by the school district to the retirement fund or any other public pension or retirement fund of which its employees are members must be remitted to the fund each month. An amount due and not transmitted begins to accrue interest at the rate of six percent compounded annually 15 days after the date due. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the school district, which shall be submitted prior to September 15. Contributions by the school district shall be made at times designated by the retirement board. The school district may levy for its contribution to the retirement fund only to the extent permitted pursuant to section 126C.41, subdivision 3.

(d) The cost of the employer contributions on behalf of elective officers or other employees of Hennepin County who are covered by the retirement fund pursuant to section 422A.09, subdivision 3, clause (2), or 422A.22, subdivision 2, or Laws 1973, chapter 380, section 3, Laws 1975, chapter 402, section 2, or any other applicable law shall be the obligation of Hennepin County. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by Hennepin County, which shall be submitted prior to September 15. Contributions by Hennepin County shall be made at times designated by the retirement board. Hennepin County may levy for its contribution to the retirement fund.

Subd. 2a. Contributions by Metropolitan Airports Commission and Metropolitan Council. The Metropolitan Airports Commission and the Metropolitan Council shall pay to the Minneapolis Employees Retirement Fund annually in installments as specified in subdivision 3 the share of the additional support rate required for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, that is attributable to employees of the airports commission or former Metropolitan Waste Control Commission who are members of the fund. The amount of the payment shall be determined as if the airport commission and Metropolitan Council's employer contributions determined under subdivision 2 had also included a proportionate share of a \$1,000,000 annual employer amortization contribution. The amount of this \$1,000,000 annual employer amortization contribution that would have been allocated to the commission or council would have been based on the share of the fund's unfunded actuarial accrued liability attributed to the commission or council compared to the total unfunded actuarial accrued liability attributed to all employers under subdivisions 1a and 2. The determinations required under this subdivision must be based on the most recent actuarial valuation prepared by the actuary retained under section 356.214.

422A.11 MILITARY SERVICE.

Subdivision 1. **Service credit.** Any employee who engages in or has engaged in active service in time of war or other emergency declared by proper authority, in any of the military or naval forces of the state or of the United States, and returns to the employment of the city within 90

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days following release from military or naval service, shall receive credit for the period of military service as provided in this section as though actually employed by the city, provided the employee was a member of the contributing class of the retirement fund at the time of entrance into military service, or was a member of the exempt class at the time of entrance into military service prior to December 31, 1945, or qualifies as a member of the exempt class as specified in section 422A.09, subdivision 3, clause (5), notwithstanding the provisions of the Veterans Preference Act or any other law, rule or bylaw providing for credit for military service for pension purposes. Employees on leave of absence or layoff at time of entrance into military service as herein provided shall be considered employees for the purpose of this chapter. Credit shall be granted for military service rendered, provided that credit for military service shall not exceed six calendar years.

Subd. 2. **Credit after refund.** Any employee who was a member of the contributing class of the fund at the time of entrance into military service and who resigned from the service of the city and received a refund of the employee's personal contribution to the fund and who is reemployed by the city and again becomes a contributing member of the fund shall receive credit for military service as provided by this section upon repaying to the fund the amount of the refund plus interest thereon at six percent compounded annually until fully paid and the further payment to the fund without interest of the amount the contribution would have totaled had the employee continued as a contributing member of the fund during the period of military service. No contribution shall be made by the city to the credit of an employee's account for the period of such military service.

Subd. 3. **Calculation of credit.** The retirement board shall determine and compute the amount of the contributions which said employee would have made to such fund if employment had not been interrupted by military service. The amount so determined and computed shall constitute an obligation of and be paid by the city or public corporation, and shall be credited to the contribution account of such employee. In determining the amount of contributions that the employee would have made if the employee had not entered military service, consideration shall be given to the employment service of employees who did not enter military service with like classification, seniority rights, length of service, and other factors determining probable time of employment.

Subd. 4. **Separation from service.** In the event that such employee becomes separated from the service, except by retirement or death, prior to the expiration of five years subsequent to the date on which the employee was reinstated as an employee, such contribution may not be withdrawn by said employee, but shall be canceled and credited to the reserve for annuities account of this fund. If an employee returns to the service after being separated as provided herein, credit shall be granted upon payment of the separation refund required by section 422A.22. In determining the five year period, there shall be included only time of actual employment.

422A.12 CREDITS; INDIVIDUAL RECORD.

Subdivision 1. **Salary deductions.** The city comptroller or other person having supervision of the payment of salaries to employees shall cause the deductions to be withheld from all specific appropriations for the particular salaries or compensation from which the deductions are made and from all allotments out of lump-sum appropriations for payments of such salaries or compensation for each fiscal year; and a record of these sums shall be entered to the credit of the various employees from whose salaries deductions have been made.

Subd. 2. **Credits.** At the close of each fiscal year there shall be credited within the deposit accumulation fund to accounts representing contributions by the municipality and to accounts representing the accumulated amount of each contributing employee in proportion to the average quarterly balance in each such account during said fiscal year the amount of income from investments earned on the accumulated funds in possession of the board, after having deducted from the total of such income (1) the amounts otherwise required as interest for various allowances or purposes specified in this chapter and (2) an amount to be set aside to liquidate actual or to amortize prospective losses on investments in the accumulation account. The net balance of the investment earnings to be so distributed shall be distributed at the greatest multiple of one-tenth of one percent up to and including a maximum of the interest assumption rate provided for in section 422A.06, subdivision 5 of all such accounts. Any undistributed excess earnings or losses determined to be earnings or losses attributable to the employers' contributions shall be distributed or charged to the employers' reserve accounts in proportion to the employers' average quarterly balances. Any undistributed excess earnings or losses determined to be earnings or losses attributable to the employees' contributions shall be distributed or charged to the employers' reserve accounts in proportion to the number of covered employees employed by each employer. If income from investments is insufficient to enable the crediting of the maximum

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interest amount to the employee and employer accounts, the maximum interest will first be credited to the employee accounts. If income is insufficient to cover the amounts credited to the employee accounts, the insufficiency attributable to each employer group of employees' accounts will be made up by a charge against the reserve account of that employer. The amount that shall be set aside annually to liquidate losses on investments shall be such amount as the board may deem necessary for such purpose but not in excess of one mill on the dollar of the gross amount received as income on the cash and investments in the fund.

422A.13 RETIREMENT ALLOWANCES; WHEN PAID.

Subdivision 1. **Allowance.** Any person who shall have been employed by the city and who shall have fulfilled the conditions in this chapter specified shall be entitled to receive a retirement allowance, as set forth in this chapter.

Subd. 2. **Retirement age.** Subject to the limitations in this chapter, an employee in the contributing class who was employed by the city for ten or more years and attains the established age for retirement, or was employed by the city for 30 or more years, as determined by the retirement board, may retire.

422A.14 APPLICATION; APPROVAL.

Subdivision 1. **Application for allowance.** No disability benefit or retirement allowance shall be granted to any employee who may become eligible for retirement as provided in this chapter until the employee, or one authorized to act in the employee's behalf, shall have filed with the retirement board, in such form as may be prescribed by the board, an application for such allowance. No installment of any such allowance shall be paid for any period prior to the effective date of retirement or the date of application, whichever occurs later.

422A.15 SERVICE ALLOWANCE; CONTRIBUTING EMPLOYEES.

Subdivision 1. **Formula pension and annuity.** (a) Except as otherwise provided in subdivision 3, each contributing member who, at the time of retirement, fulfills the conditions necessary to enable the member to retire is entitled to receive a "formula pension and annuity" equal to two percent for each year of allowable service for the first ten years and thereafter 2.5 percent per year of allowable service of the average salary, multiplied by the years of service credited by the retirement fund. The formula pension and annuity must be computed on the single life plan but subject to the option selections provided for in section 422A.17.

(b) In order to be entitled to the formula pension and annuity herein provided for, the retiring employee at the time of cessation of employment and of actual retirement must have attained the age of 60 years or have been employed by the city not less than 30 years, or meet the qualifications provided for in section 422A.16, and in addition thereto have contributed to the retirement fund at the percentage rate prescribed by the retirement law applicable when the salary, wages or compensation was paid on all salaries, wages, or compensation received from the city or from an applicable employing unit. The years of service to be applied in the formula pension and annuity must be found and determined by the retirement board, except that no credit may be allowed for any year in which a back charge is owing at time of retirement and the earnings from any year in which a back charge is owing may not be used in determining the average salary.

Subd. 2. **Withdrawal of voluntary contributions.** Voluntary additions to the employee's deposits made by the employee under section 422A.10 may be withdrawn by the retiring employee or, with the approval of the retirement board, applied to the purchase of an additional annuity computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 3. **Optional defined contribution annuity.** (a) In lieu of the formula pension and annuity, a person who was a contributing member on April 28, 1973, who is eligible to retire and who ceases to be employed and who qualifies for retirement shall have the option of electing to receive a retirement allowance known as "the \$2 bill and annuity."

(b) If a member of the contributing class makes the election provided for in this section, the member shall receive a minimum pension of \$2 per month for each year of service. The pension shall be the actuarial equivalent of the accumulated amounts of the annual installments as may be fixed and designated by law throughout the period of service of the retiring employee, not to exceed 25 years, accumulated to the date of retirement at six percent compound interest, and such extra credit to be provided by the city as will produce the minimum pension of \$2 per month

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for each year of service. The pension shall be in addition to the annuity. The annuity shall be in the actuarial equivalent of the net accumulated contributions to the credit of the retiring employee, calculated at the date of retirement. For the purposes of this chapter, the "service allowance" for members of the contributing class shall consist of an "annuity" and a "pension."

(c) The pension provided for herein shall be the actuarial equivalent of the accumulated annual installments of \$2 per month for each year of service. The sum of \$2 shall be computed as a single life annuity and subject to the option selections provided for in section 422A.17. The pension and annuity provided for in this subdivision shall be first paid from the contributing member's own contributions and normal earned credits, plus interest, until those credits are exhausted.

(d) The retirement allowance provided under this subdivision or any optional annuity form of the retirement allowance shall be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 4. **Service.** Except as otherwise provided in this chapter, the service of each contributing member shall be calculated from the date of original appointment. Said service shall include periods of service at different times and service for one or more departments, branches or independent boards of the city. In computing length of service of contributing employees for the purpose of this chapter, periods of separations from the service shall not be included, provided, that any contributing employee who heretofore or hereafter shall serve as a duly elected member of the Minnesota state legislature and who at the time of entrance into the service herein outlined was a contributing member of the retirement fund, shall receive credit for the time spent in such service as though actually employed by such city. In order to receive credit as herein outlined, such employee shall contribute to the retirement fund the amount that would have been contributed by the employee if actually employed by the city. The amount of salary, wages or compensation received by the employee immediately prior to entering the service herein set forth, shall be the dollar amount used in determining the contributions to be made to the retirement fund, and also the amount to be used in determining the arithmetical average annual compensation otherwise provided for in this chapter.

Subd. 5. **Payment.** All retirement allowances as herein provided shall be paid in monthly installments and checks shall be issued and mailed to the last known address of each beneficiary by the first business day of the month succeeding the month in which the allowance is authorized. Where a beneficiary is under legal guardianship, monthly installments may be paid to the guardian.

422A.151 ALTERNATIVE CALCULATION OF ANNUITY.

(a) In the case of a contributing member of the Minneapolis Employees Retirement Fund who is employed as a licensed peace officer or firefighter with the Metropolitan Airports Commission and who retires, becomes disabled within the meaning of section 422A.18, or dies, the retirement, disability, or survivor allowance is equal to the higher of the following:

(1) the retirement, disability, or survivor allowance calculated for the person under the applicable provisions of the Minneapolis Employees Retirement Fund; or

(2) the retirement, disability, or survivor benefit that the person would be entitled to upon meeting the applicable age and allowable service requirements of section 353.651, 353.656, or 353.657 if all employment as a licensed peace officer or firefighter with the Metropolitan Airports Commission had been allowable service under the Public Employees Retirement Association police and fire fund, instead of being covered by the Minneapolis Employees Retirement Fund. In computing the alternative benefit under section 353.651, 353.656, or 353.657, the applicable definitions and related provisions of chapter 353 must be used.

A firefighter or licensed peace officer terminating employment by the Metropolitan Airports Commission after June 30, 1997, or the survivor of a deceased firefighter or licensed peace officer terminating employment by the Metropolitan Airports Commission after June 30, 1997, under section 353.651, 353.656, or 353.657, shall receive a one percent lower cost-of-living adjustment than otherwise payable under section 422A.06, subdivision 5. If the cost-of-living adjustment payable under section 422A.06, subdivision 5, is less than one percent, the firefighter or licensed peace officer who retired after June 30, 1997, must not have a reduction in the previously received annuity or benefit amount, but future cost-of-living adjustments must be modified equal to the percentage the benefit would have been reduced below the person's current annuity or benefit amount to reflect the one percent lower cost-of-living adjustment under section 422A.06, subdivision 5.

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(b) If a contributing member under paragraph (a) has periods of coverage by the Minneapolis Employees Retirement Fund that include service other than employment as a licensed peace officer or firefighter as well as employment as a licensed peace officer or firefighter, the calculation of the benefit under paragraph (a), clause (2), may only utilize service as a licensed peace officer or firefighter employed by the Metropolitan Airports Commission.

422A.155 DETERMINATION OF SERVICE CREDIT.

(a) Notwithstanding the provisions of section 422A.15, subdivision 1, no employee of the contributing class of the Minneapolis Employees Retirement Fund shall be entitled to receive a year of service credit during the employee's final year of service unless the employee is employed and has received compensation from the city of Minneapolis or other applicable employing unit during each of the calendar months making up the year for which the employee would usually be employed. Any employee of the contributing class who is employed and receives compensation in fewer than the usual number of calendar months during the final year of service shall receive credit for that portion of a year that the employee's completed months of employment and receipt of compensation bears to the usual number of months which the employee would usually be employed.

(b) [Expired]

422A.156 LIMITATION ON CERTAIN BENEFIT PAYMENTS.

From and after February 8, 1980, nothing contained in section 422A.09, subdivision 3, clause (2) shall be construed as allowing payment of a retirement allowance or other retirement benefits other than a disability allowance pursuant to section 422A.18 if otherwise eligible to any former, present or future elective officer of the city of Minneapolis who has not attained the age of at least 60 years unless the elective officer has received credit for at least 30 years of services and retires pursuant to section 422A.15, subdivision 1.

422A.16 RETIREMENT ALLOWANCE; DEFERRED COMPENSATION.

Subdivision 1. **Contribution.** Any member of the contributing class who becomes permanently separated from the service of the city after three or more years of service to the city may, by an instrument in writing filed with the retirement board within 30 days after such separation becomes permanent, elect to allow the member's contributions to the fund to the date of separation to remain on deposit in the fund.

Subd. 2. **Deferred defined contribution annuity.** (a) A person who is a member of the contributing class on April 28, 1973, and who makes the election provided for in this subdivision and in subdivision 1, may, upon attaining the age of 55 years, but before attaining the age of 65 years, or someone acting in the member's behalf, may make application to receive the retirement allowance provided for in section 422A.15, subdivision 3, or an optional retirement allowance in the manner provided for by section 422A.17. The retirement allowance shall be the actuarial equivalent of the city's contribution and the member's deposit, as they were on the date the separation becomes permanent, plus interest, as provided for in section 422A.12.

(b) The retirement allowance provided under this subdivision or any optional annuity form of the retirement allowance shall be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 3. **Payments to beneficiaries.** (a) If such contributing member dies without having made the election provided for herein, the net accumulated amount of deductions from the member's salary, pay or compensation plus interest to the member's credit on date of death must be paid to such person, or persons, as the member shall have nominated by written designation filed with the retirement board, in such form as the retirement board shall require. If the employee fails to make a designation, or if the person or persons designated by the employee is not living to receive payment, the net accumulated amount of deductions from the employee's salary, pay, or compensation, plus interest to the credit of such employee on date of death must be paid to the employee's estate. The net accumulated city deposits must be paid to a beneficiary designated by such contributing member in such form as the retirement board shall require, who shall be the surviving spouse, or surviving child, or children of such member. If there is no surviving spouse, or surviving child or children, deposits must be paid to a person actually dependent on

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and receiving principal support from such member or surviving mother or father, or surviving brother or sister, or surviving children of the deceased brother or sister of such member.

(b) If the beneficiary designated by the member is not one of the class of persons named in the preceding paragraph, such benefit from the accumulations of city deposits shall be paid in the following order: (1) to the surviving spouse, the whole thereof; (2) if there be no surviving spouse, to the surviving children, share and share alike; (3) if there be no surviving spouse or child, or children, to the dependent or dependents of the member, share and share alike; (4) if there be no surviving spouse, child, or children, or dependents, to the surviving mother and father, share and share alike; (5) if there be no surviving mother and father, to the surviving brothers and sisters of the member, in equal shares; (6) and if there be no surviving brothers and sisters, to the surviving children of the deceased brothers and sisters of the member, in equal shares; (7) and if there be no person named in this paragraph who survives the member, the accumulation of city deposits must be canceled.

Subd. 4. **Retirement allowance.** A contributing member may, after electing to receive a retirement allowance as provided herein, make application to withdraw the member's deposit before reaching the age of 60 years, at which time that portion contributed by the city shall be canceled.

Subd. 5. **Withdrawal before retirement.** If such deposit is withdrawn before retirement, the retirement rights shall be forfeited unless such employee returns to the service of the city and again becomes a contributing member to the fund and redeposits the amount withdrawn, plus six percent compound interest from date of withdrawal to date of reinstatement to the service of the city.

Subd. 6. **Disability allowance.** If a contributing member, after becoming permanently separated from the service of the city and after electing to receive a retirement allowance as provided herein, becomes totally and permanently disabled for any cause before reaching the age of 60 years, the member shall be entitled to receive such disability allowance upon application to the retirement board and certified by the medical board provided in this chapter. Such disability allowance shall be the actuarial equivalent of the total credit to the member's account on the date application for such retirement allowance is made.

Subd. 7. **Election for funds to remain on deposit.** Any member of the contributing class who becomes permanently separated from the service of the city after ten or more years of service for such city, and who is under the age of 60 years, may, by an instrument in writing, filed with the retirement board within 30 days after such separation becomes permanent, elect to allow the member's contributions to such fund to the date of separation to remain on deposit in such fund, and in such event the member shall be entitled to receive a retirement allowance at age 60 or later, but before age 65, provided the member, or someone acting in the member's behalf if the member be incompetent, make written application for the retirement allowance provided for in section 422A.15, subdivision 1, in the same manner provided for in section 422A.17. The provisions of subdivisions 3, 4, 5 and 6 shall also apply to any member qualifying for benefits under this subdivision.

Subd. 8. **Service in more than one fund.** Any person who was a member of the Minneapolis Employees Retirement Fund and also a member of a plan administered by the director of the Minnesota State Retirement System having a like provision or a member of the Public Employees Retirement Association or the Teachers Retirement Association, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing benefits for police officers or firefighters shall be entitled when qualified to an annuity from each fund if the person's total allowable service in any two or more of these funds totals ten or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that any refundment received from the Minneapolis Employees Retirement Fund has been repaid to that fund. The annuity from each fund shall be determined by the appropriate provisions of that fund except the provision requiring at least ten years allowable service in the respective system or association shall not apply for the purposes of this section provided the combined service in two or more of these funds equal ten or more years.

Subd. 9. **Incompetency or death of member.** (a) Any member of the contributing class who becomes permanently separated from the service of the city under subdivision 8, may, by an instrument in writing, filed with the municipal employees retirement board within 30 days after the separation becomes permanent, elect to allow the member contributions to the fund to the date of separation to remain on deposit in the fund, and in the event the member is entitled to receive a retirement allowance at age 65, provided the member, or someone acting in the member's behalf if the member be incompetent, must make a written application for the retirement allowance in the

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same manner provided for in section 422A.17 and in accordance with the provisions of section 422A.15, subdivision 1, except for determining average salary.

(b) If the contributing member dies before reaching the age of 65 years, or having attained the age of 65 years without having made the election provided for herein, the net accumulated amount of deductions from the member's salary, pay or compensation, plus interest, to the member's credit on date of death is payable to the person or persons as have been nominated by written designation filed with the retirement board, in the form that the retirement board requires.

(c) If the employee fails to make a designation, or if the person or persons designated by the employee predeceases the employee, the net accumulated credit to the employee's account on date of death is payable to the employee's estate.

(d) The provisions of subdivisions 4, 5, and 6 also apply to any member qualifying for benefits under this subdivision, except for purposes of this subdivision the age referred to in subdivision 4 is 65 years.

Subd. 10. **Deferred allowance augmentation.** Deferred allowances granted under this section shall be calculated as of the date of separation and shall be increased by the interest rate of five percent per year until January 1, 1981, and thereafter by the interest rate of three percent per year, compounded annually.

422A.17 RETIREMENT ALLOWANCE; OPTIONS.

(a) At retirement, any employee who is eligible to receive a service allowance may elect to receive benefits in a retirement allowance payable throughout life or may on retirement elect to receive the actuarial equivalent at that time of annuity, pension, or retirement allowance in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provisions that:

Option I. If the benefit recipient dies before receiving in payments an amount equal to the present value of the benefit recipient's annuity, pension, or retirement allowance, as of the date of the benefit recipient's retirement, the balance shall be paid to the benefit recipient's legal representatives or to such person as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option II. Upon the death of the benefit recipient, the benefit recipient's annuity, pension, or retirement allowance shall be continued throughout the life of and paid to the person as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option III. Upon death of the benefit recipient, one-half of the benefit recipient's annuity, pension, or retirement allowance shall be continued throughout the life of and paid to the person as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option IV. Other optional retirement allowance forms, including a joint and survivor option under which the benefit recipient receives a normal single-life annuity if the designated optional annuity beneficiary dies before the benefit recipient, shall be paid to the benefit recipient or other person or persons the benefit recipient nominates, provided that the optional annuity is of equivalent actuarial value to the applicable single life annuity calculated under section 422A.15 and is approved by the retirement board.

(b) Any optional retirement allowance shall be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

(c) In adopting optional annuity forms, the board of trustees shall obtain the written recommendation of the actuary retained under section 356.214. The recommendations shall be a part of the permanent records of the board of trustees.

422A.18 DISABILITY ALLOWANCES.

Subdivision 1. **Expert examination.** (a) Upon the application of the head of the department in which a contributing employee is employed, or upon the application of the contributing employee or of one acting in the employee's behalf, the retirement board shall place the contributor on disability and pay the person a disability allowance under this section if the medical board, after an expert examination of the contributor made at the place of residence of the contributor or at a place mutually agreed upon, shall certify to the retirement board that the

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contributor is physically or mentally incapacitated for the performance of further service to the city and recommend that the contributor be placed on disability.

(b) The medical board shall consist of the city physician, a physician, chiropractor, or licensed psychologist to be selected by the retirement board, and a physician, chiropractor, or licensed psychologist to be selected by the employee.

(c) Disability of an employee resulting from injury or illness received in the performance of the duties of the city service shall be defined as duty disability.

(d) Disability incurred as a result of injury or illness not connected with the performance of such service shall be defined as nonduty disability. In order to be entitled to a retirement allowance for a nonduty disability, an employee shall have rendered five or more years of service to the city.

Subd. 2. **Disability allowance amount.** (a) The amount of disability allowance under this section shall be the amount of service allowance to which the employee would be entitled under section 422A.15, notwithstanding the age requirements expressed therein; or the lesser of the following amounts: 50 percent of the final average compensation, or an amount equal to two percent of final average compensation for each year of allowable service for the first ten years, and thereafter 2.5 percent of final average compensation per year of allowable service, including in the latter assumed service between the date the disability occurred and the 60th birthday of the employee.

(b) Annuities payable under this section shall be adjusted at the same time and rate as retirement annuities in the retirement benefit fund.

Subd. 3. **Payment.** Payment of any disability allowance authorized by sections 422A.01 to 422A.25, shall commence three months after date of application provided that the applicant has not been restored to duty. Such payment shall be retroactive to date of application and shall continue throughout the full period of the disability subject to the same optional selections as are provided for service allowances; provided that when a disability beneficiary shall have attained the minimum age for retirement on a service allowance the disability allowance shall be discontinued only as provided by the terms of the option selected. Any employee eligible for a disability allowance who is also entitled to an allowance under a workers' compensation act and/or resumes a gainful occupation shall be entitled to receive during the period of such compensation only that portion of the retirement allowance provided by this chapter which when added to such additional compensation does not exceed the salary of the employee at the time of disability.

Subd. 4. **Additional medical examinations.** (a) Once each year, the retirement board may require any disability beneficiary while still under the established age for retirement to undergo an expert examination by one or more physicians, one or more chiropractors, or one or more licensed psychologists designated by the retirement board. The examination must be made at the place of residence of the beneficiary or other place mutually agreed upon.

(b) If the medical board certifies to the retirement board that the disability beneficiary is no longer physically or mentally incapacitated for the performance of duty, the beneficiary's allowance must be discontinued and the head of the department in which the beneficiary was employed at the time of retirement shall, upon notification by the retirement board of the report of the medical board, reemploy the beneficiary at a rate of salary not less than the amount of the disability allowance.

(c) After the expiration of five years subsequent to the retirement of the beneficiary, the restoration to duty, notwithstanding the recommendation of the medical board, is optional with the head of the department. If any disability beneficiary, while under the established age for retirement, refuses to submit to at least one expert examination in any year by one or more physicians, one or more chiropractors, or one or more licensed psychologists designated by the medical board, the allowance must be discontinued until the withdrawal of such refusal, and should such refusal continue for one year, all the beneficiary's rights in and to any retirement or disability allowance are forfeited.

Subd. 5. **Return to active service.** Upon application of any beneficiary under the established age for retirement drawing a pension or a disability allowance under the provisions of this chapter, approved by the retirement board, the beneficiary may be restored to active service by the head of the department in which the beneficiary was employed at the time of disability. Upon the restoration of a beneficiary to active service the disability allowance shall cease.

Subd. 7. **Rules.** The board shall establish rules and regulations for the determination of earnings for purposes of this section.

422A.19 RETIREMENT; CREDIT FOR SERVICE UNDER DISABILITY.

Where the city pays a disability allowance to any employee under any provisions of this chapter and which provisions require the performance of services for any specified period

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immediately preceding the time of retirement to entitle an employee to a retirement allowance, the time during which any such person has heretofore received a disability allowance within such specified period immediately preceding retirement, by reason of any disability arising from an accident occurring in the course of employment, shall be credited as service with the same force and effect as if the employee had actually performed service during such time.

422A.20 DEATH BENEFITS; DISTRIBUTION.

Subdivision 1. **Death benefits.** In all cases where the retirement board of the city pursuant to this chapter is required to refund the net accumulated credits of any contributing employee standing to the employee's credit on date of death, or to refund the balance remaining to the credit of a retired employee on the date of death, who has retired under the Option I plan of retirement, the retirement board shall, at the written request of such employee filed with the retirement board prior to death, or at the written request of a beneficiary filed with the retirement board after the employee's death, provide for the payment of such credits or balances or any portion thereof in monthly installments until such credits or balances are exhausted; provided that such beneficiary shall be of the class of persons permitted to receive a sum or sums standing to the credit of the employee at the time of death.

Subd. 2. **Interest.** The retirement board shall provide for the payment of annual interest on the credits or balances remaining on deposit at the same rate that is paid to contributing employees on accumulated salary deductions.

Subd. 3. **Applicability.** Nothing in this section shall be construed to alter the method of determining the persons entitled to receive such refunds or the amount to be paid.

422A.21 RETIREMENT ALLOWANCES INCREASED.

Subdivision 1. **Increases.** The retirement board shall increase the retirement allowances hereafter paid of those employees who have retired or shall retire under the "\$2 bill and annuity" after January 1, 1973, by three 25 percent increases computed separately, each increase not to exceed \$300 per annum.

Subd. 2. **Applicability.** Nothing in this section shall be construed to alter the method of computing and determining the amount of the retirement allowance as provided in this chapter, except the amount provided in subdivision 1 shall be paid in addition to any allowance authorized in this chapter.

422A.22 REFUNDS.

Subdivision 1. **Retention; transfer.** (a) If an employee to whom this chapter applies becomes absolutely separated from active service before attaining the minimum retirement age established in section 422A.13, the employee is entitled to a refund of the net accumulated amount of deduction from salary, pay, or compensation, made for the purpose of accumulating a fund from which to pay retirement allowances, with interest at the annual compound rate of six percent.

(b) Any contributing employee who separates from a department, board or commission of the city whose employees are covered by a fund organized under this chapter, and becomes an employee of a department or board of the same city, whose employees are covered by a retirement fund or relief association by whatever name known, organized under any other law and supported in whole or in part by taxes on the same city, has the option of:

(1) retaining their membership in the fund organized under this chapter, regardless of the provisions of any law, rule, bylaw or other action requiring membership in any other retirement fund or relief association however organized; or

(2) transferring to the fund or association covering the employees of the department or board to which they are transferring, providing they are eligible for membership therein.

(c) Any contributing employee who elects to transfer to another fund or association as provided in paragraph (b), clause (2), must make such election within one year from the date of separation from the city service covered by this fund. If the contributing employee elects to transfer to another fund, the employee is entitled to a refund of the net accumulated contributions made by such employee to the fund organized under this chapter with interest at the annual compound rate of six percent.

Subd. 3. **Limitation on eligibility.** No employee of the city is eligible to be a member of, or receive benefits from, more than one retirement plan or fund of the city for the same period of service.

Subd. 4. **Death-while-active refund.** (a) Upon the death of an active member before the employee's termination of active service, the beneficiary or beneficiaries designated by the

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member on a form specified by the executive director and filed with the retirement board are entitled to receive the net accumulated employee deductions from salary, pay, or compensation, including interest under subdivision 1, paragraph (a), compounded annually to the date of the member's death. The amount must not include any contributions made by the employee or on the employee's behalf, or any interest or investment earnings on those contributions, which were allocated to the survivor benefit fund under section 422A.06, subdivision 6.

(b) If the employee fails to make a designation, or if the beneficiary or beneficiaries designated by the employee predeceases the employee, the deceased employee's estate is entitled to the benefit specified in paragraph (a).

(c) A benefit payable under this subdivision is in addition to any applicable survivor benefit under section 422A.23.

Subd. 6. **Refund; Minneapolis Employees Retirement Fund.** A person who has received a refund from the Minneapolis Employees Retirement Fund, and who is a member of a public retirement system included in section 422A.16, subdivision 8, may repay such refund with interest at a compound annual rate of 8.5 percent to the Minneapolis Employees Retirement Fund. If a refund is repaid to the fund and if more than one refund has been received from the fund, all refunds must be repaid. Repayment must be made as provided in this chapter.

422A.23 SURVIVOR BENEFITS.

Subdivision 1. **Payment of city installment accumulated amount.** (a) If an active or deferred member dies with ten or more years of service credit, except as noted in paragraph (d), the individual specified in paragraph (b) is eligible to receive the benefit specified in paragraph (c).

(b) An individual eligible for the benefit specified in paragraph (c) is a beneficiary designated by the member on a form specified by the executive director. If the member failed to designate a beneficiary, or if the beneficiary or beneficiaries designated by the employee predecease the employee, the benefit in paragraph (c) is payable to the deceased employee's estate.

(c) The benefit is a lump-sum payment of the present value of the city's or other contributing employer's annual installments of \$60 to the credit of the member.

(d) No benefit is payable under this subdivision if a monthly survivor benefit is paid on behalf of the deceased employee under another subdivision of this section.

Subd. 2. **Short-service survivor benefit.** (a) If an active member dies prior to termination of service with at least 18 months but less than 20 years of service credit, the surviving spouse or surviving child or children is eligible to receive the survivor benefit specified in paragraph (b) or (c), as applicable. Payment of a benefit for any surviving child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of the surviving child.

(b) If the surviving spouse or surviving child benefit commenced before July 1, 1983, the surviving spouse benefit is increased from \$500 per month to \$750 per month and the surviving child benefit is \$225 per month, beginning with the first monthly payment payable after May 28, 1998. The sum of surviving spouse and surviving child benefits payable under this paragraph shall not exceed \$900 per month. The increased cost resulting from the benefit increases under this paragraph must be allocated to each employing unit listed in section 422A.101, subdivisions 1a, 2, and 2a, on the basis of the additional accrued liability resulting from increased benefits paid to the survivors of employees from that unit.

(c) If the surviving spouse or surviving child benefit commences after June 30, 1983, the surviving spouse benefit is 30 percent of the member's average salary in effect over the last six months of allowable service preceding the month in which death occurs. The surviving child benefit is ten percent of the member's average salary in effect over the last six months of allowable service preceding the month in which death occurs. The sum of surviving spouse and surviving child benefits payable under this paragraph shall not exceed 50 percent of the member's average salary in effect over the last six months of allowable service.

(d) Any surviving child benefit or surviving spouse benefit computed under paragraph (c) and in effect for the month immediately prior to May 28, 1998, is increased by 15 percent as of the first payment on or after May 28, 1998.

(e) Surviving child benefits under this subdivision terminate when the child no longer meets the definition of surviving child.

Subd. 5. **Administration.** Benefits provided in this section following the death of an active employee or deferred member, as applicable, commence on the first day of the month following the month in which the active employee or deferred member dies and shall end with the last day of the month preceding the month in which eligibility ceases. Information deemed necessary by the executive director to determine eligibility for the benefits provided by this section must be submitted. Failure to furnish any required information shall be sufficient grounds

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for denial or discontinuance of benefits. A determination made by the executive director may be appealed to the retirement board, whose determination is final. If the surviving spouse of the deceased active employee or deferred member becomes entitled to a retirement allowance by reason of membership in this fund, the surviving spouse is authorized to receive the retirement allowance in addition to all applicable surviving spouse benefits to which the surviving spouse is entitled as specified in this section and section 422A.22, subdivision 4, if applicable. The cost of all benefits provided in this section is an obligation of the members and of the city, any of its boards, departments, commissions or public corporations or other applicable employing units.

Subd. 6. **Survivor benefit employee contribution.** The retirement board shall create a reserve account for survivor's benefits from which shall be paid on an actuarial basis all survivor benefits due and payable. At the end of each fiscal year, as part of the annual actuarial valuation of the fund prepared by the actuary retained under section 356.214, a determination of the normal cost of the benefits payable from the survivor's benefit account shall be made and the board shall reduce or increase the employee contribution rate if and when it is determined based on the annual actuarial valuation that the member contribution rate is in excess of or is less than the amount necessary to pay for 50 percent of the calculated normal cost of the survivor benefits provided in this section.

Subd. 7. **Long-service active and deferred member survivor coverage.** (a) If the active or deferred member dies with 20 or more years of service credit, a beneficiary as defined in paragraph (b) is eligible to receive the benefit specified in paragraph (c).

(b) The beneficiary eligible for a benefit under paragraph (c) is the surviving spouse of the deceased employee. If there is no surviving spouse, the beneficiary may be a dependent surviving child of the member or dependent parent designated by the employee on a form prescribed by the executive director.

(c) The benefit payable to the beneficiary designated in paragraph (b) is a monthly allowance for life. The monthly allowance is the actuarial equivalent of a single life service allowance specified in section 422A.15, subdivision 1, which would have been payable to the employee on the date of death, notwithstanding the age requirement stated in section 422A.15, subdivision 1. For purposes of this section, the amount of any excess contributions or voluntary additions by the member shall not be included in the calculations in determining the monthly allowance.

(d) For benefits payable under this subdivision following the death of a deferred member, the benefit must be calculated as of the date of termination from service and increased by five percent per year until January 1, 1981, and by three percent per year thereafter, compounded annually.

Subd. 8. **Surviving child; dependent definition.** For purposes of subdivision 2, a surviving child is an unmarried child of the deceased member under the age of 18, or under the age of 22 if a full-time student at an accredited school, college, or university. For purposes of subdivision 7, a dependent surviving child or dependent parent must meet the definition of dependent, as defined in section 422A.01, subdivision 12, at the time of the active or deferred member's death.

Subd. 9. **Lump-sum death benefit.** If no monthly survivor benefit is payable under subdivision 2 or 7, there shall be paid from the survivor benefit account to a beneficiary designated by the employee on a form prescribed by the executive director a lump-sum death benefit of \$750 if death occurs prior to the end of the employee's tenth year of service credit or of \$1,500 if the employee had ten or more years of service credit. Any benefit under this subdivision may be paid in addition to a benefit payable under subdivision 1.

Subd. 10. **Benefit increases.** Annuities payable under this section must be adjusted at the same time and rate as retirement annuities in the retirement benefit fund.

Subd. 11. **Effect of spouse remarriage.** A monthly survivor benefit must not be discontinued or terminated due to a surviving spouse's remarriage.

Subd. 12. **Determination of annuity.** The survivor annuities payable under this section must be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table based on the experience of the fund as recommended by that actuary and approved by the Legislative Commission on Pensions and Retirement and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

422A.231 COST ALLOCATION.

APPENDIX

Repealed Minnesota Statutes: H3281-3

(a) Notwithstanding any law to the contrary, all current and future contribution requirements due to this article are payable by the participating contributing employing units other than the state of Minnesota.

(b) In each actuarial valuation of the retirement fund, the actuary retained under section 356.214 shall include an exhibit on the impact of the benefit increases contained in this article on the survivor benefit fund. The actuary shall calculate the expected change in the present value of the future benefits payable from the survivor benefit fund attributable to this article, using the actuarial method and assumptions applicable to the Minneapolis Employees Retirement Fund, from the prior actuarial valuation and shall compare that result with the actual change in the present value of future benefits payable from the survivor benefit fund attributable to this article from the prior actuarial valuation.

(c) The executive director shall assess each participating employer, other than the state of Minnesota, its proportional share of the net increase amount calculated under paragraph (b). The assessment must be made on the first business day of the following February, plus compound interest at an annual rate of six percent on the amount from the actuarial valuation date to the date of payment.

422A.24 ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.

The provisions of section 356.401 apply to the Minneapolis employees retirement plan.

422A.25 CONTINUING APPROPRIATION, RIGHTS NOT IMPAIRED.

All money necessary to meet all transfers from account to account, from fund to fund, and from fund to beneficiaries and annuitants provided in this chapter, are hereby annually and from time to time appropriated. Nothing contained in this chapter shall be construed as diminishing, limiting or modifying any vested right of an employee, annuitant or beneficiary to a retirement allowance, annuity or pension acquired under the law existing prior to May 1, 1975.

424A.001 DEFINITIONS.

Subd. 6. **Surviving spouse.** For purposes of this chapter, and the bylaws governing a relief association to which this chapter applies, "surviving spouse" means the spouse of a deceased member who was legally married to the member at the time of the member's death.

APPENDIX
Repealed Minnesota Session Laws: H3281-3

Laws 2009, chapter 169, article 10, section 32

Sec. 32. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

Subd. 9b. **Repayment of service pension in certain instances.** If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person must repay to the defined benefit relief association any previously received service pension.

EFFECTIVE DATE. This section is effective July 1, 2009.