A bill for an act

relating to retirement; including pre-May 1, 2011, hires of the Red Wing Port Authority in the general employees retirement plan of the Public Employees Retirement Association; providing an optional procedure for the correction of erroneous member deductions and employer contributions for the city of Duluth and the Duluth Airport Authority; revising postretirement adjustments, reducing the refund interest rate, eliminating interest on reemployed annuitant earnings limitation deferral amounts, and lowering the deferred annuity augmentation rate for the St. Paul Teachers Retirement Fund Association; increasing various vesting requirements for the Duluth Teachers Retirement Fund Association; revising the default retirement plan coverage determination for Minnesota State Colleges and Universities System employees; revising statutory salary scale and payroll growth actuarial assumptions; extending a financial report reporting deadline date for the 2010 fire state aid allocation; authorizing the use of special actuarial work in determining the 2009 and 2010 special fund financial requirements and minimum municipal obligations for the White Bear Lake Fire Department Relief Association; authorizing a purchase of allowable service credit or salary credit for public employees and teachers; authorizing an additional employer-funded survivor benefit for a Minnesota Department of Transportation employee killed while engaged in emergency response to Minnesota River flooding; amending Minnesota Statutes 2010, sections 353.01, subdivisions 2a, 6; 354A.011, by adding a subdivision; 354A.094, subdivision 3; 354A.29, by adding subdivisions; 354A.31, subdivisions 1, 5, 6; 354A.35, subdivision 2; 354A.36, subdivision 1; 354A.37; 354B.21, subdivisions 1, 2, 3, 3a, 5, 6, by adding subdivisions; 356.215, subdivision 8; 356.47, subdivision 3; repealing Minnesota Statutes 2010, sections 354A.29, subdivision 3; 354B.21, subdivision 3c; 354B.32.

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

ARTICLE 1

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2010, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose salary exceeds $425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan 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. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society; ~~and~~

(6) 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 elected general employee retirement plan coverage before August 20, 2009; and

(7) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b.

(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) If the salary of an included public employee is less than $425 in any subsequent month, the member retains membership eligibility.

(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.

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

Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department, unit or instrumentality of state or local government, or any public body established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association with respect to staff covered by the Public Employees Retirement Association general plan.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul~~;~~ and other than the Red Wing Port Authority; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

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

Sec. 3. **VALIDATION OF PAST RETIREMENT COVERAGE AND CONTRIBUTIONS FOR RED WING PORT AUTHORITY EMPLOYEES.**

(a) Retirement coverage by the general employees retirement plan of the Public Employees Retirement Association, allowable service credit, and salary credit for employees of the Red Wing Port Authority who were so employed after December 31, 1984, and were first so employed before May 1, 2011, who had monthly salary in any month of at least $325 until June 30, 1988, and who had monthly salary in any month of at least $425 after June 30, 1988, who were not otherwise excluded under the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had member deductions taken and transferred in a timely manner to the general employees retirement fund before the effective date of this section are hereby validated.

(b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, employee contributions deducted from employees of the Red Wing Port Authority described in paragraph (a) before the effective date of this section and associated employer contributions are valid assets of the general employees retirement fund and are not subject to refund or adjustment for erroneous receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2; or 353.34, subdivisions 1 and 2.

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

Sec. 4. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY; 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 2010, 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 by the Duluth Airport Authority 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 by the Duluth Airport Authority as deductions taken from amounts determined to be invalid salary. The refunds must include interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the date each refund is paid.

(b) The refund payment for active employees must be sent to the applicable members who are employees of the city of Duluth or who are employees of the Duluth Airport Authority, whichever is applicable.

(c) Refunds to former members must be mailed by the executive director of the Public Employees Retirement Association to the former member's last known address.

Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a retirement annuity or disability benefit, or for a person receiving an optional annuity or survivor benefit, the executive director must:

(1) adjust the annuity or benefit payment to the correct monthly benefit amount payable by reducing the average salary under Minnesota Statutes, section 353.01, subdivision 17a, by the invalid salary amounts;

(2) determine the amount of the overpaid benefits paid from the effective date of the annuity or benefit payment to July 1, 2009;

(3) calculate the amount of employee deductions taken in error on invalid salary, including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the first day of the month in which the refund under paragraph (b), or action to recover net overpayments under subdivision 4, occurs; and

(4) determine the net amount of overpaid benefits by reducing the amount of the overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous employee deductions with interest determined in clause (3).

(b) If a former member's erroneous employee deductions plus interest determined under this section exceeds the amount of the person's overpaid benefits, the balance must be refunded to the person to whom the annuity or benefit is being paid.

(c) The executive director shall recover the net amount of all overpaid annuities or benefits as provided under subdivision 4.

Subd. 4. **Employer credits and obligations.** (a) The executive director shall provide a credit without interest to the city of Duluth and to the Duluth Airport Authority for the amount of that governmental subdivision's erroneous employer contributions. The credit must first be used to offset the net amount of the overpaid retirement annuities and the disability and survivor benefits that remain after applying the amount of erroneous employee deductions with interest as provided under subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions, if any, must be credited against future employer contributions required to be paid by the applicable governmental subdivision. If the overpaid benefits exceed the employer contribution credit, the balance of the overpaid benefits is the obligation of the city of Duluth or the Duluth Airport Authority, whichever is applicable.

(b) The Public Employees Retirement Association board of trustees shall determine the period of time and manner for the collection of overpaid retirement annuities and benefits, if any, from the city of Duluth and the Duluth Airport Authority.

Subd. 5. **Treatment of invalid salary amounts in process.** (a) The governing body of the city of Duluth or the Duluth Airport Authority, as applicable, may elect to limit the period of adjustment for amounts determined to be invalid salary to apply to the fiscal year in which the error was reported to, and the salary determined to be invalid by, the Public Employees Retirement Association, and the immediate two preceding fiscal years, by a resolution of the applicable governing body transmitted to the Public Employees Retirement Association executive director within 30 days following the effective date of this section.

(b) If the governing body of the applicable governmental subdivision declines the treatment permitted under paragraph (a) or fails to submit a resolution in a timely manner, the statute of limitations specified in paragraph (a) does not apply.

EFFECTIVE DATE. (a) This section is effective for the city of Duluth the day after the Duluth city council and the chief clerical officer of the city of Duluth timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the city of Duluth.

(b) This section is effective for the Duluth Airport Authority the day after the Duluth Airport Authority board of directors and the chief clerical officer of the Duluth Airport Authority timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the Duluth Airport Authority.

ARTICLE 2

TEACHER RETIREMENT COVERAGE

Section 1. Minnesota Statutes 2010, section 354A.011, is amended by adding a subdivision to read:

Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a nonforfeitable annuity or benefit from a coordinated member program administered by a teachers retirement fund association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher has accrued credit for at least three years of service.

(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the Duluth Teachers Retirement Fund Association:

(1) a teacher who first became a member of the plan before July 1, 2010, is vested when the teacher has accrued at least three years of service; and

(2) a teacher who first became a member of the plan after June 30, 2010, is vested when the teacher has accrued at least five years of service.

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

Sec. 2. Minnesota Statutes 2010, section 354A.094, subdivision 3, is amended to read:

Subd. 3. **Qualified part-time teacher program participation requirements.** (a) A teacher in the public schools of a city of the first class who ~~has three years or more allowable service in the applicable retirement fund association~~ is vested, or ~~three~~ who has combined years ~~or more~~ of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, and Minnesota State Colleges and Universities system at least equal to the number of years specified for vesting in the applicable first class city teacher plan, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position. The agreement must be executed before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4. A copy of the executed agreement must be filed with the executive director of the retirement fund association. If the copy of the executed agreement is filed with the association after October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4, the employing school district shall pay a fine of $5 for each calendar day that elapsed since the October 1 due date. The association may not accept an executed agreement that is received by the association more than 15 months late. The association may not waive the fine required by this section.

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the applicable Teachers Retirement Fund Association by March 1.

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

Sec. 3. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 8 or 9, whichever is applicable.

(b) On January 1, each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least three calendar months as of the end of the last day of the previous calendar year is eligible to receive a postretirement increase as specified in subdivision 8 or 9.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 8. **Calculation of postretirement adjustments; transitional provision.** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the most recent actuarial valuation prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

Funding ratio	Postretirement increase
Less than 80 percent	1 percent
At least 80 percent but less than 90 percent	2 percent

(b) The amount determined under paragraph (a) is the full postretirement increase 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 postretirement increase 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 postretirement increase is applied, calculated to the third decimal place.

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent, this subdivision expires and subsequent postretirement increases must be paid as specified in subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies if subdivision 8 has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 7. 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 postretirement adjustments under paragraph (c), "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 three.

(c) Before January 1 of each year, the executive director must calculate the amount of the postretirement 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 postretirement 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 postretirement 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 postretirement adjustment is applied, calculated to the third decimal place.

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

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 6. Minnesota Statutes 2010, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association or 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, who is vested 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 the day following final enactment.

Sec. 7. Minnesota Statutes 2010, section 354A.31, subdivision 5, is amended to read:

Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal retirement age ~~with at least three years of service credit~~, a vested coordinated member is entitled to a normal retirement annuity calculated under subdivision 4 or 4a, whichever applies.

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

Sec. 8. Minnesota Statutes 2010, section 354A.31, subdivision 6, is amended to read:

Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person who first became a coordinated member or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), in conjunction with subdivision 7.

(a) Upon retirement at an age before normal retirement age ~~with three years of service credit~~ or prior to age 62 with at least 30 years of service credit, a vested coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), without any reduction by reason of early retirement.

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

Sec. 9. Minnesota Statutes 2010, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who ~~has credit for at least three years of service and~~ dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph 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. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member 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 member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If ~~the~~ a vested member was under age 55 ~~and has credit for at least three years of allowable service~~ on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

(d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

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

Sec. 10. Minnesota Statutes 2010, section 354A.36, subdivision 1, is amended to read:

Subdivision 1. **Minimum age, service, and salary requirements.** Any coordinated member who ~~has at least three years of allowable service credit~~ is vested, who has an average salary of at least $75 per month, and who has become totally and permanently disabled shall be entitled to a disability benefit. If the disabled coordinated member's allowable service credit has not been continuous, at least two years of the required allowable service shall be required to have been rendered subsequent to the last interruption in service.

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

Sec. 11. Minnesota Statutes 2010, section 354A.37, is amended to read:

354A.37 REFUNDS; DEFERRED ANNUITY.

Subdivision 1. **Eligibility for refund.** Any coordinated member who ceases to render teaching service for the school district in which the teachers retirement fund association is located shall be entitled to a refund in lieu of any other annuity or benefit from the teachers retirement fund association, other than an annuity from a tax shelter annuity program and fund as authorized ~~pursuant to~~ under section 354A.021, subdivision 5. The amount of the refund ~~shall~~ must be calculated ~~pursuant to~~ under subdivision 3. The application for the refund ~~shall~~ must not be made prior to 30 days after the cessation of teaching services if the coordinated member has not resumed active teaching services for the district. Payment of the refund ~~shall~~ must be made within 90 days after receipt of the refund application by the board.

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~~ under subdivision 1. The deferred retirement annuity ~~shall~~ must be computed ~~pursuant to~~ under section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity ~~shall commence~~ commences 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~~ became 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.

Subd. 3. **Computation of refund amount.** A former coordinated member ~~of the St. Paul 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. 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, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.

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~~ under 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~~ must be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually to July 1, 2010, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.

Subd. 5. **Unclaimed minimal refund amounts; disposition.** If a coordinated member ceases to render teaching services for the school district in which the teachers retirement fund association is located but does not apply for a refund ~~pursuant to~~ under subdivision 1 within five years after the end of the plan year next following the cessation of teaching services and if the amount of the refund that the former coordinated member would have been entitled to ~~pursuant to~~ under subdivision 3 is $500 or less, then the amount of the refund and any accumulated interest ~~shall~~ must be credited to and become a part of the retirement fund. If the former coordinated member subsequently renders teaching services for the school district in which the teachers retirement fund association is located and the amount of the refund that the former coordinated member would have previously been entitled to ~~pursuant to~~ under subdivision 3 is at least $5, then the amount of the refund and any accumulated interest ~~shall be~~ must be restored to the member's individual account. If the amount of the refund that the former coordinated member would have previously been entitled to ~~pursuant to~~ under subdivision 3 is at least $5 and the former coordinated member applies for a refund ~~pursuant to~~ under subdivision 1 or for an annuity ~~pursuant to~~ under sections 354A.31 and 354A.32 or section 356.30, the amount of the refund and any accumulated interest ~~shall~~ must be restored to the member's individual account.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 12. Minnesota Statutes 2010, section 354B.21, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** The following persons are eligible to have coverage by the individual retirement account plan ~~and to be participants in the~~ or coverage by another plan as further specified in this section:

(1) employees of the board who are employed as faculty in an employment classification included in the state university instructional unit or the state college instructional unit under section 179A.10, subdivision 2;

(2) the chancellor and employees of the board in eligible unclassified administrative positions;

(3) the employees in eligible unclassified administrative positions in the state universities;

(4) the employees in eligible unclassified administrative positions in the technical colleges; and

(5) the employees in eligible unclassified administrative positions of the Minnesota Office of Higher Education or of the community colleges.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 13. Minnesota Statutes 2010, section 354B.21, is amended by adding a subdivision to read:

Subd. 1a. **Required notice; counseling.** (a) No later than 90 days before the end of any applicable election period specified in this section, the employer must provide to a person beginning work in a position subject to this section for which an option to elect alternative retirement plan coverage is authorized the following information:

(1) the default retirement coverage;

(2) election procedures, if applicable, for electing coverage other than the default coverage; and

(3) the Web site and the telephone number for the plan providing default coverage and comparable information for the plan that the person is eligible to elect.

(b) The election of coverage forms must include a certification statement that the employee has received and reviewed materials on the optional coverage and the default coverage prior to making the election.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 14. Minnesota Statutes 2010, section 354B.21, subdivision 2, is amended to read:

Subd. 2. **Coverage; election.** (a) An eligible ~~persons who were employed by the Minnesota State Colleges and Universities System on or after June 30, 2009, unless otherwise~~ person employed by the board has the default coverage specified in subdivision 3, or other subdivisions of this section, whichever is applicable, and retains that coverage for the period of covered employment unless a timely election to change that coverage is made as specified in this section~~, are~~.

(b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect prospective Teachers Retirement Association plan coverage ~~rather than~~.

(c) An eligible person under subdivision 3, paragraph (d), is authorized to elect prospective coverage by the plan established by this chapter.

(d) The election ~~of prospective Teachers Retirement Association plan coverage under paragraph (a)~~ must be made within one year of commencing eligible Minnesota State Colleges and Universities system employment. If an election is not made within the specified election period due to a termination of Minnesota State Colleges and Universities system employment, an election may be made within 90 days of returning to eligible Minnesota State Colleges and Universities system employment. Except as specified in paragraph (f), all elections are irrevocable. ~~Before making an election, the eligible person is covered by the plan indicated as default coverage under subdivision 3.~~

~~(b)~~ (e) Except as provided in paragraph ~~(c)~~ (f), a purchase of service credit in the Teachers Retirement Association plan for any period or periods of Minnesota State Colleges and Universities system employment occurring before the election under ~~paragraph (a)~~ this section is prohibited.

~~(c)~~ (f) Notwithstanding other paragraphs ~~(a) and (b)~~ in this subdivision, a faculty member who is a member of the individual retirement account plan ~~who first achieves tenure or its equivalent at a Minnesota state college or university after June 30, 2009,~~ may elect to transfer retirement coverage ~~under~~ to the teachers retirement plan within one year of the faculty member first achieving tenure or its equivalent at a Minnesota state college or university. The faculty member electing Teachers Retirement Association coverage under this paragraph must purchase service credit in the Teachers Retirement Association for the entire period of time covered under the individual retirement account plan and the purchase payment amount must be determined under section 356.551. The Teachers Retirement Association may charge a faculty member transferring coverage a reasonable fee to cover the costs associated with computing the actuarial cost of purchasing service credit and making the transfer. A faculty member transferring from the individual retirement account plan to the Teachers Retirement Association may use any balances to the credit of the faculty member in the individual retirement account plan, any balances to the credit of the faculty member in the higher education supplemental retirement plan established under chapter 354C, or any source specified in section 356.441, subdivision 1, to purchase the service credit in the Teachers Retirement Association. If the total amount of payments under this paragraph are less than the total purchase payment amount under section 356.551, the payment amounts must be refunded to the applicable source. The retirement coverage transfer and service credit purchase authority under this paragraph expires with respect to any Minnesota State Colleges and Universities System faculty initially hired after June 30, 2014.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 15. Minnesota Statutes 2010, section 354B.21, subdivision 3, is amended to read:

Subd. 3. **Default coverage.** (a) Prior to making an election under subdivision 2, or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the ~~following retirement~~ coverage specified in this subdivision applies~~:~~.

~~(1) for employees of the board who are employed in faculty positions in the technical colleges, in the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;~~

~~(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the plan established by this chapter unless on June 30, 1997, the employee was a member of the Teachers Retirement Association established under chapter 354 and then the retirement coverage is by the Teachers Retirement Association, or, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage is by the Duluth Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995, or the Teachers Retirement Association if the person was a member of the former Minneapolis Teachers Retirement Fund Association on June 30, 1995, or the St. Paul Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995; and~~

~~(3) for employees of the board who are employed in eligible unclassified administrative positions, the retirement coverage is by the plan established by this chapter.~~

~~(b) If an employee fails to correctly certify prior membership in the Teachers Retirement Association to the Minnesota State colleges and Universities system, the system shall not pay interest on employee contributions, employer contributions, and~~

~~additional employer contributions to the Teachers Retirement Association under section 354.52, subdivision 4.~~

(b) If an eligible person is employed by the board before July 1, 2011, in an eligible unclassified administrative position or in a faculty position in a technical college, community college, or state university, the retirement coverage is by the plan established by this chapter, unless otherwise specified in this section.

(c) An eligible person described in paragraph (b), except that first employment by the board is on or after July 1, 2011, has retirement coverage by the plan established by this chapter if the eligible person has no:

(1) allowable service credit in any plan listed in section 356.30, subdivision 3; or

(2) prior employment covered by the state unclassified employees retirement program under chapter 352D.

(d) An eligible person described in paragraph (c) has retirement coverage by the Teachers Retirement Association if the person has:

(1) prior employment covered by the state unclassified employees retirement program under chapter 352D and has not withdrawn or transferred assets from that account; or

(2) allowable service credit in a plan listed in section 356.30, subdivision 3.

(e) To ensure that coverage is provided by the proper plan, the employee must certify to the board the existence of any service credit in any plan listed in section 356.30, subdivision 3, or whether the person retains a state unclassified employees retirement program account. If an employee fails to correctly certify prior membership in a plan or the existence of an unclassified program account, the Minnesota State Colleges and Universities system and its board shall be held harmless, and notwithstanding any law to the contrary, any resulting cost or financial liability becomes the employee's responsibility.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 16. Minnesota Statutes 2010, section 354B.21, subdivision 3a, is amended to read:

Subd. 3a. **~~Continuation of~~ Plan coverage ~~in~~ and election; certain ~~instances~~ past service technical college faculty.** ~~For a person with retirement coverage by a first class city teacher retirement fund association instead of the individual retirement account plan under subdivision 3, clause (2), coverage by the applicable retirement fund association continues~~ (a) Notwithstanding subdivision 3, if an employee of the board was employed in a faculty position in a technical college on June 30, 1997, with coverage by the Teachers Retirement Association, the employee retains that coverage. If the employee was a technical college faculty member on June 30, 1995, covered by a first class city teacher retirement fund established under chapter 354A, the retirement coverage continues with the Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association, whichever is applicable. If the person was a technical college faculty member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund Association, the Teachers Retirement Association shall provide coverage.

(b) An employee under paragraph (a) who has coverage by a first class city teacher fund association retains that coverage for the duration of the person's employment by the board ~~of Trustees of the Minnesota State Colleges and Universities~~ unless, within ~~90 days~~ one year of a change in employment within the Minnesota State Colleges and Universities system, the person elects the individual retirement account plan for all future employment by the board ~~of Trustees of the Minnesota State Colleges and Universities~~. The election is irrevocable.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 17. Minnesota Statutes 2010, section 354B.21, subdivision 5, is amended to read:

Subd. 5. **Payment for certain prior uncovered service.** (a) A person employed in a faculty position or in an eligible unclassified administrative position by the board who was initially excluded from participation in the individual retirement account plan coverage, who was not covered by any other Minnesota public pension plan for that service, and who is subsequently eligible to participate in the individual retirement account plan may make member contributions for that period of prior uncovered teaching employment or eligible unclassified administrative employment with the board.

(b) The member contributions for prior uncovered board service are the amount that the person would have paid if the prior service had been covered employment. The payment must be made to the individual retirement account plan administrator and may be made only by payroll deduction. The payment must be made by the later of:

(1) 45 days of the start of covered employment; or

(2) the end of the fiscal year in which covered employment began.

(c) The board must contribute an amount to match any contribution made by a plan participant under this subdivision.

(d) Payments of contributions for prior uncovered board service under this subdivision must be invested in the same manner as the regular contributions made by or on behalf of the plan participant.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 18. Minnesota Statutes 2010, section 354B.21, subdivision 6, is amended to read:

Subd. 6. **Continuation of coverage.** Except as otherwise specified in this section, once a person is employed in a position that qualifies for participation in the individual retirement account plan and elects to participate in the plan, all subsequent service by the person as a faculty member or in an eligible unclassified administrative position employed by the board or other employing unit is covered by the individual retirement account plan.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 19. Minnesota Statutes 2010, section 354B.21, is amended by adding a subdivision to read:

Subd. 7. **Coverage; certain part-time employees.** A person employed in a part-time faculty position or in a part-time eligible unclassified administrative position who does not meet the definition of covered employment under section 354B.20, subdivision 4, because the employment does not meet the threshold required under that provision, must certify prior membership in the Teachers Retirement Association to the Minnesota State Colleges and Universities system. If the certification is incorrect, the employee, and not the employer, is required to pay interest on the employee and employer contributions, and, if applicable, on the employer additional contributions to the Teachers Retirement Association under section 354.52, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 20. Minnesota Statutes 2010, section 356.47, subdivision 3, is amended to read:

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

(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 July 1, 2011.

Sec. 21. **BYLAW AUTHORIZATION.**

Consistent with the requirements of Minnesota Statutes, section 354A.12, subdivision 4, the board of the St. Paul Teachers Retirement Fund Association is authorized to revise the bylaws and articles of incorporation so that the requirements of this act, where applicable, apply to the basic program.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2010, section 354A.29, subdivision 3, is repealed.

(b) Minnesota Statutes 2010, sections 354B.21, subdivision 3c; and 354B.32, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2011.

ARTICLE 3

ACTUARIAL ASSUMPTION UPDATE

Section 1. Minnesota Statutes 2010, 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
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5

Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

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

plan	future salary increase assumption
~~general state employees retirement plan~~	~~select calculation and assumption A~~
correctional state employees retirement plan	assumption ~~G~~ <u>D</u>
State Patrol retirement plan	assumption ~~F~~ <u>C</u>
~~public employees police and fire fund retirement plan~~	~~assumption B~~
local government correctional service retirement plan	assumption ~~F~~ <u>C</u>
~~teachers retirement plan~~	~~assumption C~~
Duluth teachers retirement plan	assumption ~~D~~ <u>A</u>
St. Paul teachers retirement plan	assumption ~~E~~ <u>B</u>

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, ~~the public employees police and fire plan,~~ and the local government correctional service <u>retirement</u> plan; (2) 0.6 percent for the general state employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers

Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association.

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

The ultimate future salary increase assumption is:

age	~~A~~	~~B~~	~~C~~	~~D~~ A	~~E~~ B	~~F~~ C	~~G~~ D
16	~~5.95%~~	~~11.00%~~	~~7.70%~~	8.00%	6.90%	7.7500%	7.2500%
17	~~5.90~~	~~11.00~~	~~7.65~~	8.00	6.90	7.7500	7.2500
18	~~5.85~~	~~11.00~~	~~7.60~~	8.00	6.90	7.7500	7.2500
19	~~5.80~~	~~11.00~~	~~7.55~~	8.00	6.90	7.7500	7.2500
20	~~5.75~~	~~11.00~~	~~5.50~~	6.90	6.90	7.7500	7.2500
21	~~5.75~~	~~11.00~~	~~5.50~~	6.90	6.90	7.1454	6.6454
22	~~5.75~~	~~10.50~~	~~5.50~~	6.90	6.90	7.0725	6.5725
23	~~5.75~~	~~10.00~~	~~5.50~~	6.85	6.85	7.0544	6.5544
24	~~5.75~~	~~9.50~~	~~5.50~~	6.80	6.80	7.0363	6.5363
25	~~5.75~~	~~9.00~~	~~5.50~~	6.75	6.75	7.0000	6.5000
26	~~5.75~~	~~8.70~~	~~5.50~~	6.70	6.70	7.0000	6.5000
27	~~5.75~~	~~8.40~~	~~5.50~~	6.65	6.65	7.0000	6.5000
28	~~5.75~~	~~8.10~~	~~5.50~~	6.60	6.60	7.0000	6.5000
29	~~5.75~~	~~7.80~~	~~5.50~~	6.55	6.55	7.0000	6.5000
30	~~5.75~~	~~7.50~~	~~5.50~~	6.50	6.50	7.0000	6.5000
31	~~5.75~~	~~7.30~~	~~5.50~~	6.45	6.45	7.0000	6.5000
32	~~5.75~~	~~7.10~~	~~5.50~~	6.40	6.40	7.0000	6.5000
33	~~5.75~~	~~6.90~~	~~5.50~~	6.35	6.35	7.0000	6.5000
34	~~5.75~~	~~6.70~~	~~5.50~~	6.30	6.30	7.0000	6.5000
35	~~5.75~~	~~6.50~~	~~5.50~~	6.25	6.25	7.0000	6.5000
36	~~5.75~~	~~6.30~~	~~5.50~~	6.20	6.20	6.9019	6.4019
37	~~5.75~~	~~6.10~~	~~5.50~~	6.15	6.15	6.8074	6.3074
38	~~5.75~~	~~5.90~~	~~5.40~~	6.10	6.10	6.7125	6.2125
39	~~5.75~~	~~5.70~~	~~5.30~~	6.05	6.05	6.6054	6.1054
40	~~5.75~~	~~5.50~~	~~5.20~~	6.00	6.00	6.5000	6.0000
41	~~5.75~~	~~5.40~~	~~5.10~~	5.90	5.95	6.3540	5.8540
42	~~5.75~~	~~5.30~~	~~5.00~~	5.80	5.90	6.2087	5.7087
43	~~5.65~~	~~5.20~~	~~4.90~~	5.70	5.85	6.0622	5.5622
44	~~5.55~~	~~5.10~~	~~4.80~~	5.60	5.80	5.9048	5.4078
45	~~5.45~~	~~5.00~~	~~4.70~~	5.50	5.75	5.7500	5.2500
46	~~5.35~~	~~4.95~~	~~4.60~~	5.40	5.70	5.6940	5.1940
47	~~5.25~~	~~4.90~~	~~4.50~~	5.30	5.65	5.6375	5.1375

48	~~5.15~~	~~4.85~~	~~4.50~~	5.20	5.60	5.5822	5.0822
49	~~5.05~~	~~4.80~~	~~4.50~~	5.10	5.55	5.5404	5.0404
50	~~4.95~~	~~4.75~~	~~4.50~~	5.00	5.50	5.5000	5.0000
51	~~4.85~~	~~4.75~~	~~4.50~~	4.90	5.45	5.4384	4.9384
52	~~4.75~~	~~4.75~~	~~4.50~~	4.80	5.40	5.3776	4.8776
53	~~4.65~~	~~4.75~~	~~4.50~~	4.70	5.35	5.3167	4.8167
54	~~4.55~~	~~4.75~~	~~4.50~~	4.60	5.30	5.2826	4.7826
55	~~4.45~~	~~4.75~~	~~4.50~~	4.50	5.25	5.2500	4.7500
56	~~4.35~~	~~4.75~~	~~4.50~~	4.40	5.20	5.2500	4.7500
57	~~4.25~~	~~4.75~~	~~4.50~~	4.30	5.15	5.2500	4.7500
58	~~4.25~~	~~4.75~~	~~4.60~~	4.20	5.10	5.2500	4.7500
59	~~4.25~~	~~4.75~~	~~4.70~~	4.10	5.05	5.2500	4.7500
60	~~4.25~~	~~4.75~~	~~4.80~~	4.00	5.00	5.2500	4.7500
61	~~4.25~~	~~4.75~~	~~4.90~~	3.90	5.00	5.2500	4.7500
62	~~4.25~~	~~4.75~~	~~5.00~~	3.80	5.00	5.2500	4.7500
63	~~4.25~~	~~4.75~~	~~5.10~~	3.70	5.00	5.2500	4.7500
64	~~4.25~~	~~4.75~~	~~5.20~~	3.60	5.00	5.2500	4.7500
65	~~4.25~~	~~4.75~~	~~5.20~~	3.50	5.00	5.2500	4.7500
66	~~4.25~~	~~4.75~~	~~5.20~~	3.50	5.00	5.2500	4.7500
67	~~4.25~~	~~4.75~~	~~5.20~~	3.50	5.00	5.2500	4.7500
68	~~4.25~~	~~4.75~~	~~5.20~~	3.50	5.00	5.2500	4.7500
69	~~4.25~~	~~4.75~~	~~5.20~~	3.50	5.00	5.2500	4.7500
70	~~4.25~~	~~4.75~~	~~5.20~~	3.50	5.00	5.2500	4.7500
71	~~4.25~~		~~5.20~~				

(3) service-related ultimate future salary increase assumption

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

service length	~~general employees retirement plan of the Public Employees Retirement Association~~ A	B	C	D
1	~~12.03%~~ 10.75%	12.25%	12.00%	13.00%
2	~~8.90~~ 8.35	9.15	9.00	11.00
3	~~7.46~~ 7.15	7.75	8.00	9.00
4	~~6.58~~ 6.45	6.85	7.50	8.00
5	~~5.97~~ 5.95	6.25	7.25	6.50
6	~~5.52~~ 5.55	5.75	7.00	6.10
7	~~5.16~~ 5.25	5.45	6.85	5.80

8	~~4.87~~ 4.95	5.15	6.70	5.60
9	~~4.63~~ 4.75	4.85	6.55	5.40
10	~~4.42~~ 4.65	4.65	6.40	5.30
11	~~4.24~~ 4.45	4.45	6.25	5.20
12	~~4.08~~ 4.35	4.35	6.00	5.10
13	~~3.94~~ 4.25	4.15	5.75	5.00
14	~~3.82~~ 4.05	4.05	5.50	4.90
15	~~3.70~~ 3.95	3.95	5.25	4.80
16	~~3.60~~ 3.85	3.85	5.00	4.80
17	~~3.51~~ 3.75	3.75	4.75	4.80
18	~~3.50~~ 3.75	3.75	4.50	4.80
19	~~3.50~~ 3.75	3.75	4.25	4.80
20	~~3.50~~ 3.75	3.75	4.00	4.80
21	~~3.50~~ 3.75	3.75	3.90	4.70
22	~~3.50~~ 3.75	3.75	3.80	4.60
23	~~3.50~~ 3.75	3.75	3.70	4.50
24	~~3.50~~ 3.75	3.75	3.60	4.50
25	~~3.50~~ 3.75	3.75	3.50	4.50
26	~~3.50~~ 3.75	3.75	3.50	4.50
27	~~3.50~~ 3.75	3.75	3.50	4.50
28	~~3.50~~ 3.75	3.75	3.50	4.50
29	~~3.50~~ 3.75	3.75	3.50	4.50
30 or more	~~3.50~~ 3.75	3.75	3.50	4.50

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

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	~~4.50%~~ 3.75%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general employees retirement plan of the Public Employees Retirement Association	~~4.00~~ 3.75
public employees police and fire retirement plan	~~4.50~~ 3.75
local government correctional service retirement plan	4.50
teachers retirement plan	~~4.50~~ 3.75
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

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

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

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

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

EFFECTIVE DATE. This section as it relates to the general state employees retirement plan of the Minnesota State Retirement System, the general employees retirement plan of the Public Employees Retirement Association, and the teachers retirement plan is effective retroactively from June 30, 2010, and as it relates to the public employees police and fire retirement plan is effective June 30, 2011.

ARTICLE 4

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. **DEADLINE FOR REPORTS EXTENDED.**

Notwithstanding Minnesota Statutes, section 69.051, subdivision 1b, the deadline for reports submitted under Minnesota Statutes, section 69.051, subdivisions 1 and 1a, for 2009 is extended to April 30, 2011. A municipality or relief association does not forfeit its 2010 state aid or any future state aid if 2009 reports are received by the state auditor on or before April 30, 2011.

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

Sec. 2. **WHITE BEAR LAKE; SPECIAL ACTUARIAL WORK AUTHORIZATION.**

Notwithstanding any provision to the contrary of Minnesota Statutes, sections 69.771, subdivision 3; 69.773, subdivisions 2, 4, and 5; 356.215; and 356.216, a document styled as an interim valuation at October 19, 2009, of the White Bear Lake Volunteer Fire Department Relief Association prepared by the actuarial consulting firm of Gabriel, Roeder, Smith & Company, as confirmed as to its funded status results by an actuarial valuation as of January 1, 2011, of the White Bear Lake Volunteer Fire Department Relief Association pension plan prepared by the actuarial consulting firm of Gabriel, Roeder, Smith & Company may be considered by the relief association officers, the city of White Bear Lake, and the Office of the State Auditor to be a qualifying actuarial valuation of the special fund of the relief association for the determination of the actuarial condition of the relief association and the financial requirements of the relief association amounts and the minimum municipal obligation amounts calculated by relief association officers certified to the city of White Bear Lake on or before August 1, 2009, and on or before August 1, 2010, may be considered by the City of White Bear Lake and by the Office of the State Auditor to be properly determined.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective retroactively from July 31, 2009, if the White Bear Lake city council and the White Bear Lake chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 5

SMALL GROUP RETIREMENT PROVISIONS

Section 1. **PERA-GENERAL; BABBITT AND BUHL SERVICE AND SALARY CREDIT PURCHASE AUTHORIZATION IN CERTAIN CASES.**

(a) An eligible person described in paragraph (b) is eligible to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit and salary credit for the period of uncredited prior employment and salary specified in paragraph (c) by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on November 10, 1957;

(2) was employed as a part-time police officer by the city of Buhl from July 1988 until November 1996;

(3) was employed as a part-time police officer by Embarrass Township from March 1992 until August 1997;

(4) was employed as a part-time police officer by the City of Babbitt from April 1992 until September 1992; and

(5) was employed as a full-time police officer by the city of Babbitt since October 4, 1992, and as such is a member of the public employees police and fire retirement plan.

(c) The periods of unreported employment and salary that qualified for coverage by the general employees retirement plan of the Public Employees Retirement Association and eligible for purchase are employment by the city of Buhl from October 1989 until November 1996 and employment by the city of Babbitt as a part-time police officer from April 1992 until September 1992.

(d) The allowable service and salary credit purchase payment amount must be calculated under Minnesota Statutes, section 356.551. Of the total payment amount, the eligible person is obligated to pay the amount of member contributions that the eligible person would have paid by deduction to the coordinated program of the general employees retirement plan of the Public Employees Retirement Association if made in a timely fashion, plus annual compound interest at the rate of 8.5 percent from the date that the contribution should have been made until the date that the contribution equivalent payment is made. The balance of the total payment amount must be allocated between the city of Buhl and the city of Babbitt on the basis of the additional retirement benefit associated with the applicable period of past unreported eligible employment. The city of Buhl and the city of Babbitt shall make their payments within 30 days of the date on which the executive director of the Public Employees Retirement Association certifies that the eligible person has paid the equivalent member contribution payment and interest. If a city fails to make a timely payment, the executive director shall collect the unpaid amount under Minnesota Statutes, section 353.28.

(e) The eligible person shall provide the executive director of the Public Employees Retirement Association with any necessary documentation of the applicability of this section that the executive director requests.

(f) The authority of the eligible person to make the equivalent member contribution and interest payment under this section expires on the earlier of July 1, 2012, or the date on which the eligible person finally terminates public employment covered by Minnesota Statutes, chapter 353.

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

Sec. 2. **INDEPENDENT SCHOOL DISTRICT NO. 270, HOPKINS; SALARY CREDIT PURCHASE FOR PART-TIME TEACHING PROGRAM SERVICE AUTHORIZED.**

(a) An eligible person described in paragraph (b) is entitled, upon application to the executive director of the Teachers Retirement Association, to purchase salary credit from the Teachers Retirement Association for the period of part-time teaching service specified in paragraph (c) if the purchase payment required under paragraph (d) is paid on or before July 1, 2012, or the date of the person's retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on January 20, 1951;

(2) was hired by Independent School District No. 270, Hopkins, as a teacher;

(3) first participated in the qualified part-time teacher association membership program with a properly submitted teacher-school district agreement for the 2007-2008 school year;

(4) was employed part-time as a teacher by Independent School District No. 270, Hopkins, during the 2008-2009 school year, but the Minnesota Statutes, section 354.66, agreement was not filed with the Teachers Retirement Association until September 20, 2010; and

(5) was employed by Independent School District No. 270, Hopkins, as a part-time teacher under Minnesota Statutes, section 354.66, for the 2009-2010 school year and for the 2010-2011 school year.

(c) The period of part-time teaching service is the period during the 2008-2009 school year during which the eligible person was paid 80 percent of the eligible person's full-time service salary rate for part-time teaching service rendered for Independent School District No. 270, Hopkins.

(d) The total purchase payment amount for the increase in the annual salary credit for the 2008-2009 school year of $11,090.60 in the employ of Independent School District No. 270, Hopkins, is the service credit purchase payment amount required under Minnesota Statutes, section 356.551. The eligible person shall pay $609.98 plus compound interest at the annual rate of 8.5 percent from January 31, 2009, until the date of payment. Independent School District No. 270, Hopkins, must pay the balance of the purchase payment amount under Minnesota Statutes, section 356.551, in excess of the eligible person's payment amount. The school district payment is due 30 days after notification by the executive director of the Teachers Retirement Association that the eligible person's payment amount has been received by the association. If the school district fails to make the required payment in a timely manner, the executive director of the Teachers Retirement Association shall notify the commissioner of management and budget and the commissioner of education of that failure, and those commissioners shall subtract the unpaid amount from state aid otherwise payable to the school district.

(e) Upon receipt by the Teachers Retirement Association of the total amount required under paragraph (d), the eligible person shall receive annual salary credit for an additional $11,090.60 for the 2008-2009 school year.

(f) The salary credit purchase payment authorization under this section expires August 1, 2012.

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

Sec. 3. **INCREASED ANNUITY FOR SURVIVING SPOUSE OF EMPLOYEE KILLED WHILE ENGAGED IN EMERGENCY RESPONSE TO FLOODING.**

(a) Notwithstanding Minnesota Statutes 2010, section 352.12, a surviving spouse of an eligible person specified in paragraph (b) is entitled, upon application filed with the executive director of the Minnesota State Retirement System, to the additional surviving spouse benefit, payable for the lifetime of the surviving spouse, from the general state employees retirement fund of the Minnesota State Retirement System specified in paragraph (c).

(b) An eligible person is a person who is a state employee who suffered a violent death while performing assigned duties responding to a flood emergency and:

(1) was born on November 7, 1971;

(2) began working for the state on September 25, 2002; and

(3) was killed on March 22, 2011, while working as an employee of the Department of Transportation engaged in emergency response to flooding by using a backhoe to clear debris from a culvert that drains into the Minnesota River between St. Peter and Mankato.

(c) The monthly annuity payable to the surviving spouse of an eligible person specified in paragraph (b) is 34 percent of the average monthly salary of the eligible person, and accrues as of the first day of the first week after the surviving spouse ceases to receive workers' compensation payments attributable to the death of the eligible person specified in paragraph (b).

(d) "Average salary" has the meaning given in Minnesota Statutes 2010, section 352.01, subdivision 14a.

(e) The actuarial present value of the projected special additional survivor benefit under this section must be calculated, within 30 days of the date of final enactment, by the consulting actuary retained by the Minnesota State Retirement System under section 356.214 using the applicable actuarial assumptions set forth in Minnesota Statutes, section 356.215, subdivision 8, or approved by the Legislative Commission on Pensions and Retirement under Minnesota Statutes, section 356.215, subdivision 18. A summary of the actuarial present value calculations prepared by the consulting actuary must be certified by the executive director of the Minnesota State Retirement System to the executive director of the Legislative Commission on Pensions and Retirement, to the commissioner of transportation, to the commissioner of management and budget, and to the legislative auditor. The payment amount must be charged against the fund or funds from which the March 2011 compensation of the eligible person was paid. The commissioner of transportation shall pay, within 30 days of the receipt of the certification of the actuarial present value of the special additional survivor benefit by the executive director of the Minnesota State Retirement System, the certified amount to the General State Employees Retirement Fund of the Minnesota State Retirement System.

(f) The benefit under this section is eligible for postretirement adjustments under Minnesota Statutes, section 356.415, subdivision 1a. The initial payment of the additional survivor benefit must include the postretirement adjustments under Minnesota Statutes, section 356.415, that would have been paid on and after January 1, 2012, if the additional survivor benefit were paid since April 1, 2011, and the adjusted additional survivor benefit is subject to regular postretirement adjustments on each January 1 thereafter.

EFFECTIVE DATE. This section is effective retroactively from March 22, 2011.

APPENDIX
Article locations in H1647-1

354A.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION POSTRETIREMENT ADJUSTMENT.

Subd. 3. **Postretirement adjustment.** (a) The postretirement adjustment described in this section must be determined by the executive director of the St. Paul Teachers Retirement Fund Association and approved by the board annually.

(b) On January 1, each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least three calendar months as of the end of the last day of the previous calendar year is eligible to receive a postretirement increase as further specified in this subdivision.

(c) A percentage adjustment must be computed and paid under this subdivision to eligible persons under paragraph (b). 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 the cost-of-living adjustment under paragraph (d), 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.

(d) 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.

(e) The amount calculated under paragraph (d) 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.

(f) The adjustment may not be less than zero, nor greater than five percent.

354B.21 COVERAGE.

Subd. 3c. **Election of TRA coverage in certain instances.** (a) A person who was employed as a teacher by a technical college before July 1, 1995, and who has retirement coverage for that technical college teacher employment by a first class city teacher retirement fund association under chapter 354A may elect to have future higher education system teacher employment retirement coverage by the Teachers Retirement Association governed by chapter 354.

(b) The election to transfer prospective retirement coverage under paragraph (a) must be made by the technical college teacher by October 1, 1995, or within 90 days of initially being employed by the higher education system, whichever is later. The election must be made in writing on a form prescribed by the executive director of the Teachers Retirement Association. The election, once filed with the executive director of the Teachers Retirement Association, is irrevocable.

(c) An election to transfer prospective retirement coverage under paragraph (a) does not affect prior allowable service credit under section 354A.011, subdivision 4. The transfer of prospective retirement coverage does not make the person eligible for a refund of member contributions during the course of the person's employment by the higher education system.

354B.32 TRANSFER OF FUNDS TO IRAP.

(a) A participant in the individual retirement account plan established in this chapter who has less than ten years of allowable service under the Teachers Retirement Association or a teachers retirement fund association, whichever applies, may elect to transfer an amount equal to the participant's accumulated member contributions to the Teachers Retirement Association or the applicable teachers retirement fund association, plus compound interest at the rate of six percent per annum, to the individual retirement account plan. The transfers are irrevocable fund-to-fund transfers, and, in no event, may the participant receive direct payment of the money transferred before the termination of employment. If a participant elects the contribution transfer, all of the participant's allowable and formula service credit in the Teachers Retirement Association or the teachers retirement fund association associated with the transferred amount is forfeited.

(b) The executive director of the Teachers Retirement Association and the chief administrative officers of the teachers retirement fund associations, in cooperation with the chancellor of the Minnesota State Colleges and Universities system, shall notify participants who are eligible to transfer of their right to transfer and the amount that they are eligible to transfer, and shall, upon request, provide forms to implement the transfer. The chancellor of the Minnesota State Colleges and Universities system shall assist the Teachers Retirement Association and the teachers retirement fund associations in developing transfer forms and in implementing the transfers.

(c) Authority to elect a transfer under this section expires on July 1, 2004.