

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 588

(SENATE AUTHORS: PAPPAS)

DATE	D-PG	OFFICIAL STATUS
02/05/2015	216	Introduction and first reading Referred to State and Local Government
05/17/2016	7062a	Comm report: To pass as amended Joint rule 2.03, referred to Rules and Administration
05/18/2016	7168	Joint rule 2.03 Suspended adopt previous committee report
	7168	Second reading
05/19/2016	7226a	Special Order: Amended
	7227	Third reading Passed
05/22/2016	7409	Returned from House Presentment date 05/24/16
	8186	Governor's action Veto Chapter 177 05/31/16

A bill for an act

1.1 relating to retirement; modifying cost of living adjustments; eliminating cost
1.2 of living adjustment triggers; increasing St. Paul Teachers Retirement Fund
1.3 Association employer contributions; making administrative changes to the
1.4 Minnesota State Retirement System, Teachers Retirement Association, Public
1.5 Employees Retirement Association, and St. Paul Teachers Retirement Fund
1.6 Association; clarifying refund repayment procedures; modifying executive
1.7 director credentials; clarifying combined service annuity augmentation rates
1.8 and service requirements; revising appeal procedures; clarifying coverage for
1.9 charter school administrators; modifying service credit purchase procedures;
1.10 establishing new procedures for disability applications due to private disability
1.11 insurance requirements; clarifying death and disability benefit payment
1.12 provisions; modifying annual benefit limitations for federal tax code compliance;
1.13 authorizing use of IRS correction procedures; clarifying benefit offsets for
1.14 certain refund payments; clarifying police and fire plan coverage for certain
1.15 Hennepin Healthcare System supervisors; modifying various economic actuarial
1.16 assumptions; adopting recommendations of the Volunteer Firefighter Relief
1.17 Association Working Group; increasing relief association lump-sum service
1.18 pension maximums; lowering certain vesting requirements for Eden Prairie
1.19 Volunteer Firefighters Relief Association; providing for the consolidation of the
1.20 Coleraine and Bovey Volunteer Firefighters Relief Associations; modifying the
1.21 MSRS disability application deadlines in certain instances; adopting definition
1.22 of the Hometown Heroes Act related to public safety officer death benefits;
1.23 allowing service credit purchase and Rule of 90-eligibility for certain Minnesota
1.24 Department of Transportation employees; authorizing MnSCU employees to
1.25 elect retroactive and prospective TRA coverage; authorizing MnSCU employee
1.26 to transfer past service from IRAP to PERA; increasing maximum employer
1.27 contribution to a supplemental laborers pension fund; authorizing certain
1.28 additional sources of retirement plan funding; making technical and conforming
1.29 changes; amending Minnesota Statutes 2014, sections 3A.03, subdivision 3;
1.30 16A.14, subdivision 2a; 352.03, subdivisions 5, 6; 352.113, subdivisions 2, 4;
1.31 353.01, subdivision 43; 353.012; 353.32, subdivisions 1, 4; 353.34, subdivision
1.32 2; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions 2,
1.33 2a; 354.095; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48,
1.34 subdivision 1; 354.52, subdivisions 4, 6; 354A.011, subdivision 29; 354A.093,
1.35 subdivision 4; 354A.095; 354A.12, subdivision 2a; 354A.35, subdivision 2;
1.36 354A.38, as amended; 356.24, subdivision 1; 356.30, subdivision 1; 356.635, by
1.37 adding subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13;
1.38 423A.02, subdivision 3; 424A.01, by adding subdivisions; 424A.015, by adding
1.39

2.1 a subdivision; 424B.20, subdivision 4; 490.121, subdivisions 25, 26; Minnesota
 2.2 Statutes 2015 Supplement, sections 3A.03, subdivision 2; 352.23; 352B.11,
 2.3 subdivision 4; 352D.05, subdivision 4; 353.01, subdivision 16; 353.0162; 353.64,
 2.4 subdivision 10; 353G.02, subdivision 6; 354.44, subdivision 9; 354A.093,
 2.5 subdivision 6; 354A.096; 354A.29, subdivision 7; 356.215, subdivisions 8,
 2.6 11; 356.415, subdivisions 1a, 1d, 1e, 1f; 356.50, subdivision 2; 356.551,
 2.7 subdivision 2; 356.635, subdivision 10; 424A.02, subdivision 3; 490.124,
 2.8 subdivision 12; proposing coding for new law in Minnesota Statutes, chapters
 2.9 356; 424A; repealing Minnesota Statutes 2014, sections 352.04, subdivision
 2.10 11; 353.0161, subdivision 1; 353.34, subdivision 6; 354A.12, subdivision 2c;
 2.11 354A.31, subdivision 3; 356.47, subdivision 1; 356.611, subdivisions 3, 3a, 4, 5;
 2.12 356.96, subdivisions 14, 15; 424A.02, subdivision 13; Minnesota Statutes 2015
 2.13 Supplement, sections 353.0161, subdivisions 2, 3; 354A.12, subdivision 3c;
 2.14 354A.29, subdivisions 8, 9; 356.415, subdivision 1.

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

2.16 **ARTICLE 1**

2.17 **MSRS, TRA, AND SPTRFA POST-RETIREMENT ADJUSTMENT REVISIONS**
 2.18 **SPTRFA SUPPLEMENTAL EMPLOYER CONTRIBUTION**

2.19 Section 1. Minnesota Statutes 2014, section 354A.12, subdivision 2a, is amended to
 2.20 read:

2.21 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
 2.22 units shall make the following employer contributions to the teachers retirement fund
 2.23 association:

2.24 (1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund
 2.25 Association, the employing unit shall make a regular employer contribution to the
 2.26 retirement fund association in an amount equal to the designated percentage of the salary
 2.27 of the coordinated member as provided below:

2.28	after June 30, 2014	5.5 percent
2.29	after June 30, 2015	6 percent
2.30	after June 30, 2016	6.25 percent
2.31	after June 30, 2017	6.5 percent
2.32	<u>after June 30, 2018</u>	<u>7.0 percent</u>

2.33 (2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association,
 2.34 the employing unit shall make a regular employer contribution to the respective retirement
 2.35 fund in an amount according to the schedule below:

2.36	after June 30, 2014	9 percent of salary
2.37	after June 30, 2015	9.5 percent of salary
2.38	after June 30, 2016	9.75 percent of salary
2.39	after June 30, 2017	10 percent of salary
2.40	<u>after June 30, 2018</u>	<u>10.5 percent of salary</u>

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

3.4 (4) for a each coordinated member of the St. Paul Teachers Retirement Fund
 3.5 Association, the employing unit shall make an additional employer contribution to the
 3.6 respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

3.7 (b) The regular and additional employer contributions must be remitted directly to
 3.8 the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent
 3.9 amounts are payable with interest under the procedure in subdivision 1a.

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

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

3.16 **EFFECTIVE DATE.** This section is effective July 1, 2016.

3.17 Sec. 2. Minnesota Statutes 2015 Supplement, section 354A.29, subdivision 7, is
 3.18 amended to read:

3.19 Subd. 7. **Eligibility for payment and calculation of postretirement adjustments.**

3.20 (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement
 3.21 Fund Association must determine the amount of any postretirement adjustment using the
 3.22 procedures in this subdivision ~~and subdivision 8 or 9, whichever is applicable.~~

3.23 (b) On January 1, each person who has been receiving an annuity or benefit under
 3.24 the articles of incorporation, the bylaws, or this chapter, whose effective date of benefit
 3.25 commencement occurred on or before July 1 of the immediately preceding calendar year
 3.26 ~~immediately before the adjustment~~, is eligible to receive a postretirement increase as
 3.27 ~~specified in subdivision 8 or 9~~ as determined under paragraph (c), clause (1) or (2),
 3.28 whichever applies.

3.29 (c) The amount provided for under this subdivision is the full postretirement increase
 3.30 to be applied as a permanent increase to the regular payment of each eligible member.

3.31 (1) A one percent postretirement increase shall apply for any eligible member
 3.32 whose effective date of benefit commencement occurred on or before January 1 of the
 3.33 immediately preceding calendar year.

4.1 (2) A one-half of one percent postretirement increase shall apply for any eligible
 4.2 member whose effective date of benefit commencement occurred after January 1 of the
 4.3 immediately preceding calendar year.

4.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

4.5 Sec. 3. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 8, is
 4.6 amended to read:

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

4.9	(1) select and ultimate interest rate assumption	
4.10		ultimate interest
4.11	plan	rate assumption
4.12	teachers retirement plan	8.5%

4.13 The select preretirement interest rate assumption for the period through June 30,
 4.14 2017, is eight percent.

4.15	(2) single rate interest rate assumption	
4.16		interest rate
4.17	plan	assumption
4.18	general state employees retirement plan	8%
4.19	correctional state employees retirement plan	8
4.20	State Patrol retirement plan	8
4.21	legislators retirement plan, and for the	0
4.22	constitutional officers calculation of total plan	
4.23	liabilities	
4.24	judges retirement plan	8
4.25	general public employees retirement plan	8
4.26	public employees police and fire retirement plan	8
4.27	local government correctional service retirement	8
4.28	plan	
4.29	St. Paul teachers retirement plan	8
4.30	Bloomington Fire Department Relief Association	6
4.31	local monthly benefit volunteer firefighter relief	5
4.32	associations	
4.33	monthly benefit retirement plans in the statewide	6
4.34	volunteer firefighter retirement plan	

4.35 (b)(1) If funding stability has been attained, the valuation of each public pension
 4.36 and retirement plan enumerated in section 356.20, subdivision 2, clauses (2), (4), (8),
 4.37 (11), and (13), must use a postretirement adjustment rate actuarial assumption equal to
 4.38 the postretirement adjustment rate specified in section ~~354A.27, subdivision 7; 354A.29,~~
 4.39 ~~subdivision 9; or~~ 356.415, subdivision ~~1~~ 1b, 1c, 1e, or 1f, whichever applies.

5.1 (2) If funding stability has not been attained, the valuation of each public pension
 5.2 and retirement plan enumerated in section 356.20, subdivision 2, clauses (2), (4), (8), (11),
 5.3 and (13), must use a select postretirement adjustment rate actuarial assumption equal to
 5.4 the postretirement adjustment rate specified in section ~~354A.27, subdivision 6a; 354A.29,~~
 5.5 ~~subdivision 8; or~~ 356.415, subdivision ~~1a, 1b, 1c, 1d,~~ 1e, or 1f, whichever applies, for a
 5.6 period ending when the approved actuary estimates that the plan will attain the defined
 5.7 funding stability measure, and thereafter an ultimate postretirement adjustment rate
 5.8 actuarial assumption equal to the postretirement adjustment rate under section ~~354A.27,~~
 5.9 ~~subdivision 7; 354A.29, subdivision 9; or~~ 356.415, subdivision ~~1~~ 1b, 1c, 1e, or 1f, for the
 5.10 applicable period or periods beginning when funding stability is projected to be attained.

5.11 (3) The valuation of each public pension and retirement plan enumerated in section
 5.12 356.20, subdivision 2, clauses (1), (3), (5), and (12), must use a postretirement adjustment
 5.13 rate actuarial assumption equal to the postretirement adjustment rate specified in section
 5.14 354A.29 or 356.415, subdivision 1a or 1d, whichever applies.

5.15 (c) The actuarial valuation must use the applicable following single rate future salary
 5.16 increase assumption, the applicable following modified single rate future salary increase
 5.17 assumption, or the applicable following graded rate future salary increase assumption:

5.18 (1) single rate future salary increase assumption

5.19 plan	future salary increase assumption
5.20 legislators retirement plan	5%
5.21 judges retirement plan	2.75
5.22 Bloomington Fire Department Relief	4
5.23 Association	

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

5.26 plan	future salary increase assumption
5.27 local government correctional service retirement plan	assumption B
5.28 St. Paul teachers retirement plan	assumption A

5.29 For plans other than the St. Paul teachers
 5.30 retirement plan and the local government
 5.31 correctional service retirement plan, the
 5.32 select calculation is: during the designated
 5.33 select period, a designated percentage rate
 5.34 is multiplied by the result of the designated
 5.35 integer minus T, where T is the number of
 5.36 completed years of service, and is added
 5.37 to the applicable future salary increase

6.1 assumption. The designated select period
 6.2 is ten years and the designated integer is
 6.3 ten for the local government correctional
 6.4 service retirement plan and 15 for the St.
 6.5 Paul Teachers Retirement Fund Association.
 6.6 The designated percentage rate is 0.2 percent
 6.7 for the St. Paul Teachers Retirement Fund
 6.8 Association.

6.9 The ultimate future salary increase assumption is:

6.10	age	A	B
6.11	16	5.9%	8.75%
6.12	17	5.9	8.75
6.13	18	5.9	8.75
6.14	19	5.9	8.75
6.15	20	5.9	8.75
6.16	21	5.9	8.5
6.17	22	5.9	8.25
6.18	23	5.85	8
6.19	24	5.8	7.75
6.20	25	5.75	7.5
6.21	26	5.7	7.25
6.22	27	5.65	7
6.23	28	5.6	6.75
6.24	29	5.55	6.5
6.25	30	5.5	6.5
6.26	31	5.45	6.25
6.27	32	5.4	6.25
6.28	33	5.35	6.25
6.29	34	5.3	6
6.30	35	5.25	6
6.31	36	5.2	5.75
6.32	37	5.15	5.75
6.33	38	5.1	5.75
6.34	39	5.05	5.5
6.35	40	5	5.5
6.36	41	4.95	5.5
6.37	42	4.9	5.25
6.38	43	4.85	5
6.39	44	4.8	5
6.40	45	4.75	4.75
6.41	46	4.7	4.75
6.42	47	4.65	4.75

7.1	48	4.6	4.75
7.2	49	4.55	4.75
7.3	50	4.5	4.75
7.4	51	4.45	4.75
7.5	52	4.4	4.75
7.6	53	4.35	4.75
7.7	54	4.3	4.75
7.8	55	4.25	4.5
7.9	56	4.2	4.5
7.10	57	4.15	4.25
7.11	58	4.1	4
7.12	59	4.05	4
7.13	60	4	4
7.14	61	4	4
7.15	62	4	4
7.16	63	4	4
7.17	64	4	4
7.18	65	4	3.75
7.19	66	4	3.75
7.20	67	4	3.75
7.21	68	4	3.75
7.22	69	4	3.75
7.23	70	4	3.75

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

7.25	general state employees retirement plan of the	assumption A
7.26	Minnesota State Retirement System	
7.27	general employees retirement plan of the Public	assumption B
7.28	Employees Retirement Association	
7.29	Teachers Retirement Association	assumption C
7.30	public employees police and fire retirement plan	assumption D
7.31	State Patrol retirement plan	assumption E
7.32	correctional state employees retirement plan of the	assumption F
7.33	Minnesota State Retirement System	

7.34	service						
7.35	length	A	B	C	D	E	F
7.36	1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
7.37	2	7.85	8.65	9	10.75	7.25	5.6
7.38	3	6.65	7.21	8	8.75	6.75	5.45
7.39	4	5.95	6.33	7.5	7.75	6.5	5.3
7.40	5	5.45	5.72	7.25	6.25	6.25	5.15
7.41	6	5.05	5.27	7	5.85	6	5
7.42	7	4.75	4.91	6.85	5.55	5.75	4.85
7.43	8	4.45	4.62	6.7	5.35	5.6	4.7

8.1	9	4.25	4.38	6.55	5.15	5.45	4.55
8.2	10	4.15	4.17	6.4	5.05	5.3	4.4
8.3	11	3.95	3.99	6.25	4.95	5.15	4.3
8.4	12	3.85	3.83	6	4.85	5	4.2
8.5	13	3.75	3.69	5.75	4.75	4.85	4.1
8.6	14	3.55	3.57	5.5	4.65	4.7	4
8.7	15	3.45	3.45	5.25	4.55	4.55	3.9
8.8	16	3.35	3.35	5	4.55	4.4	3.8
8.9	17	3.25	3.26	4.75	4.55	4.25	3.7
8.10	18	3.25	3.25	4.5	4.55	4.1	3.6
8.11	19	3.25	3.25	4.25	4.55	3.95	3.5
8.12	20	3.25	3.25	4	4.55	3.8	3.5
8.13	21	3.25	3.25	3.9	4.45	3.75	3.5
8.14	22	3.25	3.25	3.8	4.35	3.75	3.5
8.15	23	3.25	3.25	3.7	4.25	3.75	3.5
8.16	24	3.25	3.25	3.6	4.25	3.75	3.5
8.17	25	3.25	3.25	3.5	4.25	3.75	3.5
8.18	26	3.25	3.25	3.5	4.25	3.75	3.5
8.19	27	3.25	3.25	3.5	4.25	3.75	3.5
8.20	28	3.25	3.25	3.5	4.25	3.75	3.5
8.21	29	3.25	3.25	3.5	4.25	3.75	3.5
8.22	30 or more	3.25	3.25	3.5	4.25	3.75	3.5

8.23 (d) The actuarial valuation must use the applicable following payroll growth
8.24 assumption for calculating the amortization requirement for the unfunded actuarial
8.25 accrued liability where the amortization retirement is calculated as a level percentage
8.26 of an increasing payroll:

8.27	plan	payroll growth assumption
8.28	general state employees retirement plan of the	3.5%
8.29	Minnesota State Retirement System	
8.30	correctional state employees retirement plan	3.5
8.31	State Patrol retirement plan	3.5
8.32	judges retirement plan	2.75
8.33	general employees retirement plan of the Public	3.5
8.34	Employees Retirement Association	
8.35	public employees police and fire retirement plan	3.5
8.36	local government correctional service retirement plan	3.5
8.37	teachers retirement plan	3.75
8.38	St. Paul teachers retirement plan	4

8.39 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
8.40 different salary assumption or a different payroll increase assumption:

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

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

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

9.5 **EFFECTIVE DATE.** This section is effective June 30, 2016.

9.6 Sec. 4. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 11, is
9.7 amended to read:

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

9.20 (b) For any retirement plan other than a retirement plan governed by paragraph (d),
9.21 (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions
9.22 used for calculating the actuarial accrued liability of the fund, a change in the benefit
9.23 plan governing annuities and benefits payable from the fund, a change in the actuarial
9.24 cost method used in calculating the actuarial accrued liability of all or a portion of the
9.25 fund, or a combination of the three, which change or changes by itself or by themselves
9.26 without inclusion of any other items of increase or decrease produce a net increase in the
9.27 unfunded actuarial accrued liability of the fund, the established date for full funding is the
9.28 first actuarial valuation date occurring after June 1, 2020.

9.29 (c) For any retirement plan, if there has been a change in any or all of the actuarial
9.30 assumptions used for calculating the actuarial accrued liability of the fund, a change in
9.31 the benefit plan governing annuities and benefits payable from the fund, a change in the
9.32 actuarial cost method used in calculating the actuarial accrued liability of all or a portion
9.33 of the fund, or a combination of the three, and the change or changes, by itself or by
9.34 themselves and without inclusion of any other items of increase or decrease, produce a net

10.1 increase in the unfunded actuarial accrued liability in the fund, the established date for full
10.2 funding must be determined using the following procedure:

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

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

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

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

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

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

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

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

11.3 (e) For the Teachers Retirement Association, the established date for full funding is
11.4 June 30, ~~2037~~ 2046.

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

11.7 (g) For the judges retirement plan, the established date for full funding is June
11.8 30, 2038.

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

11.11 (i) For the St. Paul Teachers Retirement Fund Association, the established date for
11.12 full funding is June 30, 2042. In addition to other requirements of this chapter, the annual
11.13 actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency
11.14 or sufficiency in annual contributions when comparing liabilities to the market value of
11.15 the assets of the fund as of the close of the most recent fiscal year.

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

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

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

11.25 Sec. 5. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1a, is
11.26 amended to read:

11.27 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
11.28 **System plans other than the State Patrol and judges retirement plan plans.** (a)
11.29 Retirement annuity, disability benefit, or survivor benefit recipients of the legislators
11.30 retirement plan, including constitutional officers as specified in chapter 3A, the general
11.31 state employees retirement plan, the correctional state employees retirement plan, and
11.32 the unclassified state employees retirement program are entitled to a postretirement
11.33 adjustment annually on January 1, as follows:

11.34 (1) ~~for each successive January 1, if the definition of funding stability under~~
11.35 ~~paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable~~

12.1 ~~retirement plan, effective January 1, 2017, through December 31, 2017, a postretirement~~
 12.2 ~~increase of two 1.75 percent must be applied each year, effective on January 1, to the~~
 12.3 ~~monthly annuity or benefit of each annuitant or benefit recipient who has been receiving~~
 12.4 ~~an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year~~
 12.5 ~~immediately before the adjustment; and~~

12.6 ~~(2) for each successive January 1, if the definition of funding stability under~~
 12.7 ~~paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable~~
 12.8 ~~retirement plan, effective January 1, 2017, through December 31, 2017, for each annuitant~~
 12.9 ~~or benefit recipient who has been receiving an annuity or a benefit for at least one full~~
 12.10 ~~month, but less than 12 full months as of the June 30 of the calendar year immediately~~
 12.11 ~~before the adjustment, an annual postretirement increase of 1/12 of two 1.75 percent for~~
 12.12 ~~each month that the person has been receiving an annuity or benefit must be applied;~~

12.13 ~~(3) effective January 1, 2018, and thereafter, a postretirement increase of two percent~~
 12.14 ~~must be applied to the monthly annuity or benefit of each annuitant or benefit recipient~~
 12.15 ~~who has been receiving an annuity or a benefit for at least 12 full months as of the June 30~~
 12.16 ~~of the calendar year immediately before the adjustment; and~~

12.17 ~~(4) effective January 1, 2018, and thereafter, for each annuitant or benefit recipient~~
 12.18 ~~who has been receiving an annuity or a benefit for at least one full month, but less than~~
 12.19 ~~12 full months as of the June 30 of the calendar year immediately before the adjustment,~~
 12.20 ~~an annual postretirement increase of 1/12 of two percent for each month that the person~~
 12.21 ~~has been receiving an annuity or benefit must be applied.~~

12.22 ~~(b) Increases under this subdivision for the general state employees retirement~~
 12.23 ~~plan or the correctional state employees retirement plan terminate on December 31 of~~
 12.24 ~~the calendar year in which two prior consecutive actuarial valuations prepared by the~~
 12.25 ~~approved actuary under sections 356.214 and 356.215 and the standards for actuarial work~~
 12.26 ~~promulgated by the Legislative Commission on Pensions and Retirement indicate that the~~
 12.27 ~~market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial~~
 12.28 ~~accrued liability of the retirement plan and increases under subdivision 1 recommence~~
 12.29 ~~after that date. Increases under this subdivision for the legislators retirement plan~~
 12.30 ~~established under chapter 3A, including the constitutional officers specified in that chapter,~~
 12.31 ~~and for the unclassified state employees retirement program, terminate on December 31~~
 12.32 ~~of the calendar year in which two prior consecutive actuarial valuations prepared by the~~
 12.33 ~~approved actuary under sections 356.214 and 356.215 and the standards for actuarial work~~
 12.34 ~~promulgated by the Legislative Commission on Pensions and Retirement indicate that the~~
 12.35 ~~market value of assets of the general state employees retirement plan equals or exceeds~~

13.1 ~~90 percent of the actuarial accrued liability of the retirement plan and increases under~~
 13.2 ~~subdivision 1 recommence after that date.~~

13.3 ~~(e) After having met the definition of funding stability under paragraph (b), the~~
 13.4 ~~increase provided in paragraph (a), clauses (1) and (2), rather than an increase under~~
 13.5 ~~subdivision 1, for the general state employees retirement plan or the correctional state~~
 13.6 ~~employees retirement plan, is again to be applied in a subsequent year or years if the~~
 13.7 ~~market value of assets of the applicable plan equals or is less than:~~

13.8 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two~~
 13.9 ~~consecutive actuarial valuations; or~~

13.10 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most~~
 13.11 ~~recent actuarial valuation.~~

13.12 ~~(d) After having met the definition of funding stability under paragraph (b), the~~
 13.13 ~~increase provided in paragraph (a), clauses (1) and (2), rather than an increase under~~
 13.14 ~~subdivision 1, for the legislators retirement plan, including the constitutional officers,~~
 13.15 ~~and for the unclassified state employees retirement program, is again to be applied in a~~
 13.16 ~~subsequent year or years if the market value of assets of the general state employees~~
 13.17 ~~retirement plan equals or is less than:~~

13.18 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two~~
 13.19 ~~consecutive actuarial valuations; or~~

13.20 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most~~
 13.21 ~~recent actuarial valuation.~~

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

13.26 **EFFECTIVE DATE.** This section is effective June 30, 2016.

13.27 Sec. 6. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1d, is
 13.28 amended to read:

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

13.30 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
 13.31 Retirement Association are entitled to a postretirement adjustment annually on January
 13.32 1, as follows:

13.33 (1) ~~for each January 1 until funding stability is restored, effective January 1, 2017,~~
 13.34 ~~through December 31, 2017,~~ a postretirement increase of two one percent must be applied
 13.35 each year, ~~effective on January 1,~~ to the monthly annuity or benefit amount of each

14.1 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12
 14.2 full months as of the June 30 of the calendar year immediately before the adjustment;

14.3 (2) ~~for each January 1 until funding stability is restored~~ effective January 1, 2017,
 14.4 through December 31, 2017, for each annuitant or benefit recipient who has been receiving
 14.5 an annuity or a benefit for at least one full month, but less than 12 full months as of the
 14.6 June 30 of the calendar year immediately before the adjustment, an annual postretirement
 14.7 increase of 1/12 of ~~two~~ one percent for each month the person has been receiving an
 14.8 annuity or benefit must be applied;

14.9 (3) ~~for each January 1 following the restoration of funding stability~~ effective January
 14.10 1, 2018, and thereafter, a postretirement increase of ~~2.5~~ two percent must be applied each
 14.11 year, ~~effective January 1,~~ to the monthly annuity or benefit amount of each annuitant or
 14.12 benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
 14.13 as of the June 30 of the calendar year immediately before the adjustment; and

14.14 (4) ~~for each January 1 following the restoration of funding stability~~ effective January
 14.15 1, 2018, and thereafter, for each annuitant or benefit recipient who has been receiving an
 14.16 annuity or a benefit for at least one full month, but less than 12 full months as of the June
 14.17 30 of the calendar year immediately before the adjustment, an annual postretirement
 14.18 increase of 1/12 of ~~2.5~~ two percent for each month the person has been receiving an
 14.19 annuity or benefit must be applied.

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

14.25 (c) ~~After having met the definition of funding stability under paragraph (b), the~~
 14.26 ~~increase provided in paragraph (a), clauses (1) and (2), rather than an increase under~~
 14.27 ~~subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied~~
 14.28 ~~in a subsequent year or years if the market value of assets of the plan equals or is less than:~~

14.29 (1) ~~85 percent of the actuarial accrued liabilities of the plan for two consecutive~~
 14.30 ~~actuarial valuations; or~~

14.31 (2) ~~80 percent of the actuarial accrued liabilities of the plan for the most recent~~
 14.32 ~~actuarial valuation.~~

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

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

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

15.11 Sec. 7. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1e, is
15.12 amended to read:

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

15.14 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
15.15 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
15.16 definition of funding stability under paragraph (b) has not been met, as follows:

15.17 (1) a postretirement increase of one percent must be applied each year, effective on
15.18 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
15.19 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
15.20 the calendar year immediately before the adjustment; and

15.21 (2) for each annuitant or benefit recipient who has been receiving an annuity or
15.22 a benefit for at least one full month, but less than 12 full months as of the June 30 of
15.23 the calendar year immediately before the adjustment, an annual postretirement increase
15.24 of 1/12 of one percent for each month that the person has been receiving an annuity or
15.25 benefit must be applied.

15.26 (b) Increases under paragraph (a) for the State Patrol retirement plan terminate on
15.27 December 31 of the calendar year in which two prior consecutive actuarial valuations for
15.28 the plan prepared by the approved actuary under sections 356.214 and 356.215 and the
15.29 standards for actuarial work promulgated by the Legislative Commission on Pensions
15.30 and Retirement indicates that the market value of assets of the retirement plan equals or
15.31 exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter,
15.32 increases under paragraph (a) become effective again on the December 31 of the calendar
15.33 year in which the actuarial valuation, or prior consecutive actuarial valuations for the
15.34 plan prepared by the approved actuary under sections 356.214 and 356.215 and the
15.35 standards for actuarial work promulgated by the Legislative Commission on Pensions and

16.1 Retirement indicates that the market value of the assets of the retirement plan equals or is
16.2 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,
16.3 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
16.4 for one year and increases under paragraph (c) commence after that date.

16.5 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
16.6 Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if
16.7 the definition of funding stability under paragraph (b) has been met, as follows:

16.8 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
16.9 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
16.10 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
16.11 the calendar year immediately before the adjustment; and

16.12 (2) for each annuitant or benefit recipient who has been receiving an annuity or
16.13 a benefit for at least one full month, but less than 12 full months as of the June 30 of
16.14 the calendar year immediately before the adjustment, an annual postretirement increase
16.15 of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or
16.16 benefit must be applied.

16.17 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
16.18 December 31 of the calendar year in which two prior consecutive actuarial valuations
16.19 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
16.20 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
16.21 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent
16.22 of the actuarial accrued liability of the retirement plan and increases under ~~subdivision~~
16.23 ~~1~~ recommence paragraph (e) commence after that date.

16.24 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the State
16.25 Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if
16.26 the definition of funding stability under paragraph (d) has been met, as follows:

16.27 (1) a postretirement increase of 2.5 percent must be applied each year, effective on
16.28 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
16.29 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
16.30 the calendar year immediately before the adjustment; and

16.31 (2) for each annuitant or benefit recipient who has been receiving an annuity or
16.32 a benefit for at least one full month, but less than 12 full months as of the June 30 of
16.33 the calendar year immediately before the adjustment, an annual postretirement increase
16.34 of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or
16.35 benefit must be applied.

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

17.5 **EFFECTIVE DATE.** This section is effective June 30, 2016.

17.6 Sec. 8. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1f, is
 17.7 amended to read:

17.8 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
 17.9 **System judges retirement plan.** ~~(a) The increases provided under this subdivision are in~~
 17.10 ~~lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or~~
 17.11 ~~survivor benefit recipients of the judges retirement plan.~~

17.12 ~~(b)~~ (a) Retirement annuity, disability benefit, or survivor benefit recipients of the
 17.13 judges retirement plan are entitled to a postretirement adjustment annually on January 1 if
 17.14 the definition of funding stability under paragraph (b) has not been met, as follows:

17.15 (1) a postretirement increase of 1.75 percent must be applied each year, effective on
 17.16 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 17.17 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
 17.18 the calendar year immediately before the adjustment; and

17.19 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 17.20 benefit for at least one full month, but less than 12 full months as of the June 30 of the
 17.21 calendar year immediately before the adjustment, an annual postretirement increase of
 17.22 1/12 of 1.75 percent for each month that the person has been receiving an annuity or
 17.23 benefit must be applied.

17.24 ~~(e) (b)~~ (b) Increases under ~~this subdivision~~ paragraph (a) terminate on December 31
 17.25 of the calendar year in which two prior consecutive actuarial valuations prepared by the
 17.26 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
 17.27 promulgated by the Legislative Commission on Pensions and Retirement indicates that
 17.28 the market value of assets of the judges retirement plan equals or exceeds 70 percent of
 17.29 the actuarial accrued liability of the retirement plan; and increases under ~~subdivision~~
 17.30 ~~1 or 1a, whichever is applicable, begin on the January 1 next following~~ paragraph (c)
 17.31 commence after that date.

17.32 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 17.33 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
 17.34 definition of funding stability under paragraph (d) has not been met, as follows:

18.1 (1) a postretirement increase of two percent must be applied each year, effective on
 18.2 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 18.3 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
 18.4 the calendar year immediately before the adjustment; and

18.5 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 18.6 benefit for at least one full month, but less than 12 full months as of the June 30 of the
 18.7 calendar year immediately before the adjustment, an annual postretirement increase of
 18.8 1/12 of two percent for each month that the person has been receiving an annuity or
 18.9 benefit must be applied.

18.10 (d) Increases under paragraph (c) terminate on December 31 of the calendar year
 18.11 in which two prior consecutive actuarial valuations prepared by the approved actuary
 18.12 under sections 356.214 and 356.215 and the standards for actuarial work adopted by the
 18.13 Legislative Commission on Pensions and Retirement indicates that the market value of
 18.14 assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued
 18.15 liability of the retirement plan and increases under paragraph (e) commence after that date.

18.16 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 18.17 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
 18.18 definition of funding stability under paragraph (d) has been met, as follows:

18.19 (1) a postretirement increase of 2.5 percent must be applied each year, effective on
 18.20 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 18.21 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
 18.22 the calendar year immediately before the adjustment; and

18.23 (2) for each annuitant or benefit recipient who has been receiving an annuity or
 18.24 a benefit for at least one full month, but less than 12 full months as of the June 30 of
 18.25 the calendar year immediately before the adjustment, an annual postretirement increase
 18.26 of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or
 18.27 benefit must be applied.

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

18.32 **EFFECTIVE DATE.** This section is effective June 30, 2016.

18.33 Sec. 9. Minnesota Statutes 2014, section 490.121, subdivision 25, is amended to read:

18.34 Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a
 18.35 membership specified by section 490.1221, paragraph (b), and governed by sections

19.1 356.415, ~~subdivisions 1 and~~ subdivision 1f; and 490.121 to 490.133, except as modified
 19.2 in sections 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a,
 19.3 paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

19.4 **EFFECTIVE DATE.** This section is effective June 30, 2016.

19.5 Sec. 10. Minnesota Statutes 2014, section 490.121, subdivision 26, is amended to read:

19.6 Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a
 19.7 membership specified by section 490.1221, paragraph (c), and governed by sections
 19.8 356.415, ~~subdivisions 1 and~~ subdivision 1f; 490.121 to 490.133, as modified in section
 19.9 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph
 19.10 (b); and 490.124, subdivision 1, paragraphs (c) and (d).

19.11 **EFFECTIVE DATE.** This section is effective June 30, 2016.

19.12 Sec. 11. **REPEALER.**

19.13 (a) Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1, is repealed.

19.14 (b) Minnesota Statutes 2015 Supplement, section 354A.29, subdivisions 8 and
 19.15 9, are repealed.

19.16 **EFFECTIVE DATE.** Paragraph (a) is effective June 30, 2016. Paragraph (b) is
 19.17 effective July 1, 2016.

19.18 ARTICLE 2

19.19 MINNESOTA STATE RETIREMENT SYSTEM 19.20 ADMINISTRATIVE PROVISIONS

19.21 Section 1. Minnesota Statutes 2015 Supplement, section 3A.03, subdivision 2, is
 19.22 amended to read:

19.23 Subd. 2. **Refund.** (a) A former member who has made contributions under
 19.24 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon
 19.25 written application to the executive director on a form prescribed by the executive director,
 19.26 a refund from the general fund of all contributions credited to the member's account with
 19.27 interest computed as provided in section 352.22, subdivision 2.

19.28 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
 19.29 former member of the legislature and the survivors of the former member under this chapter.

20.1 (c) If the former member of the legislature again becomes a member of the legislature
 20.2 after having taken a refund as provided in paragraph (a), the member is a member of the
 20.3 unclassified employees retirement program of the Minnesota State Retirement System.

20.4 (d) However, the member may reinstate the rights and credit for service previously
 20.5 forfeited under this chapter if the member repays all refunds taken, plus interest at the
 20.6 rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually
 20.7 from the date on which the refund was taken to the date on which the refund is repaid.
 20.8 Repayment must be made as provided in section 352.23, paragraph (d).

20.9 (e) No person may be required to apply for or to accept a refund.

20.10 **EFFECTIVE DATE.** This section is effective July 1, 2016.

20.11 Sec. 2. Minnesota Statutes 2014, section 3A.03, subdivision 3, is amended to read:

20.12 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
 20.13 retirement fund, is created within the state treasury. The legislators retirement fund must
 20.14 be credited with any investment proceeds on the assets of the retirement fund.

20.15 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated
 20.16 from the legislators retirement fund.

20.17 (c) The legislators retirement fund may receive transfers of general fund proceeds.

20.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

20.19 Sec. 3. Minnesota Statutes 2014, section 16A.14, subdivision 2a, is amended to read:

20.20 Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

20.21 (1) appropriations for the courts or the legislature;

20.22 (2) payment of unemployment benefits; and

20.23 (3) transactions within the defined contribution funds administered by the Minnesota
 20.24 State Retirement System.

20.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

20.26 Sec. 4. Minnesota Statutes 2014, section 352.03, subdivision 5, is amended to read:

20.27 Subd. 5. **Executive director, deputy director, and assistant director.** (a) The
 20.28 board shall appoint an executive director, in this chapter called the director, of the
 20.29 system must be appointed by the board on the basis of fitness education, experience in
 20.30 the retirement field, and leadership ability to manage and lead system staff, and ability
 20.31 to assist the board in setting a vision for the system. The director must have had at
 20.32 least five years' experience on the administrative staff of a major retirement system in

21.1 either an executive level management position or in a position with responsibility for the
 21.2 governance, management, or administration of a retirement plan.

21.3 (b) The executive director, deputy director, and assistant director must be in the
 21.4 unclassified service but appointees may be selected from civil service lists if desired. The
 21.5 salary of the executive director must be as provided by section 15A.0815. The salary of
 21.6 the deputy director and assistant director must be set in accordance with section 43A.18,
 21.7 subdivision 3.

21.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

21.9 Sec. 5. Minnesota Statutes 2014, section 352.03, subdivision 6, is amended to read:

21.10 Subd. 6. **Duties and powers of executive director.** The management of the system
 21.11 is vested in the director, who is the executive and administrative head of the system. The
 21.12 director may appoint a deputy director and an assistant director with the approval of the
 21.13 board. The director shall be advisor to the board on matters pertaining to the system and
 21.14 shall also act as the secretary of the board. The director shall:

21.15 (1) attend meetings of the board;

21.16 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

21.17 (3) establish and maintain an adequate system of records and accounts following
 21.18 recognized accounting principles and controls;

21.19 ~~(4) designate an assistant director with the approval of the board;~~

21.20 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to
 21.21 carry out the provisions of this chapter;

21.22 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the
 21.23 functions of the system, and define the duties of its employees and delegate to them any
 21.24 powers or duties, subject to the control of the director and under conditions the director
 21.25 may prescribe. Appointments to exercise delegated power must be by written order and
 21.26 shall be filed with the secretary of state;

21.27 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an
 21.28 approved actuary, professional management services, and any other consulting services as
 21.29 necessary and fix the compensation for those services. The contracts are not subject to
 21.30 competitive bidding under chapter 16C. Any approved actuary retained by the executive
 21.31 director shall function as the actuarial advisor of the board and the executive director, and
 21.32 may perform actuarial valuations and experience studies to supplement those performed
 21.33 by the actuary retained under section 356.214. Any supplemental actuarial valuations or
 21.34 experience studies shall be filed with the executive director of the Legislative Commission
 21.35 on Pensions and Retirement. Professional management services may not be contracted for

22.1 more often than once in six years. Copies of professional management survey reports must
 22.2 be transmitted to the secretary of the senate, the chief clerk of the house of representatives,
 22.3 and the Legislative Reference Library as provided by section 3.195, and to the executive
 22.4 director of the commission at the time as reports are furnished to the board. Only
 22.5 management firms experienced in conducting management surveys of federal, state, or
 22.6 local public retirement systems are qualified to contract with the director;

22.7 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the
 22.8 employees of the system;

22.9 ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and
 22.10 to the designated beneficiary, surviving spouse, legal representative, or next of kin of
 22.11 deceased state employees or deceased former state employees, as provided in this chapter;

22.12 ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees
 22.13 covered by the system and authorize payment of the annuities and benefits beginning as
 22.14 of the dates on which the annuities and benefits begin to accrue, in accordance with the
 22.15 provisions of this chapter;

22.16 ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
 22.17 expenses of the system;

22.18 ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

22.19 ~~(13)~~ (12) with the advice and approval of the board request the State Board of
 22.20 Investment to sell securities when the director determines that funds are needed for the
 22.21 system;

22.22 ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial
 22.23 report covering the operation of the system, as required by section 356.20;

22.24 ~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with
 22.25 the approval of the board submit the budgets to the Department of Management and
 22.26 Budget; and

22.27 ~~(16)~~ (15) with the approval of the board, perform other duties required to administer
 22.28 the retirement and other provisions of this chapter and to do its business.

22.29 **EFFECTIVE DATE.** This section is effective July 1, 2016.

22.30 Sec. 6. Minnesota Statutes 2015 Supplement, section 352.23, is amended to read:

22.31 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

22.32 (a) When any employee accepts a refund as provided in section 352.22, all existing
 22.33 allowable service credits and all rights and benefits to which the employee was entitled
 22.34 before accepting the refund terminate.

23.1 (b) Terminated service credits and rights must not ~~again~~ be restored until the former
 23.2 employee acquires at least six months of allowable service credit after taking the last
 23.3 refund. ~~In that event, the employee may repay and repays~~ all refunds previously taken
 23.4 from the retirement fund with interest as provided in paragraph (d).

23.5 (c) Repayment of refunds entitles the employee only to credit for service covered
 23.6 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as
 23.7 permitted under law in effect when the payment in lieu of deductions was made; (3)
 23.8 payments made to obtain credit for service as permitted by laws in effect when payment was
 23.9 made; and (4) allowable service previously credited while receiving temporary workers'
 23.10 compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

23.11 (d) Payments under this section for repayment of refunds are to be paid with interest
 23.12 at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded
 23.13 annually from the date the refund was taken until the date the refund is repaid. ~~They~~
 23.14 Repayment may be paid in a lump sum or by payroll deduction in the manner provided in
 23.15 section 352.04. Payment may be made in partial payments consistent with section 356.44
 23.16 during employment or in a lump sum up to six months after termination from service.

23.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

23.18 Sec. 7. Minnesota Statutes 2015 Supplement, section 352B.11, subdivision 4, is
 23.19 amended to read:

23.20 Subd. 4. **Reentry into state service.** When a former member, who has become
 23.21 separated from state service that entitled the member to membership and has received
 23.22 a refund of retirement payments, reenters the state service in a position that entitles
 23.23 the member to membership, that member shall receive credit for the period of prior
 23.24 allowable state service if the member repays into the fund the amount of the refund, plus
 23.25 interest on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
 23.26 compounded annually, ~~at any time before subsequent retirement. Repayment may be~~
 23.27 ~~made in installments or in a lump sum.~~ Repayment must be made as provided in section
 23.28 352.23, paragraph (d).

23.29 **EFFECTIVE DATE.** This section is effective July 1, 2016.

23.30 Sec. 8. Minnesota Statutes 2015 Supplement, section 352D.05, subdivision 4, is
 23.31 amended to read:

23.32 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
 23.33 repay regular refunds taken under section 352.22, as provided in section 352.23.

24.1 (b) A participant in the unclassified program or an employee covered by the general
 24.2 employees retirement plan who has withdrawn the value of the total shares may repay
 24.3 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
 24.4 paying into the fund the amount refunded plus interest at the rate of 8.5 percent until June
 24.5 30, 2015, and eight percent thereafter compounded annually from the date that the refund
 24.6 was taken until the date that the refund is repaid. If the participant had withdrawn only the
 24.7 employee shares as permitted under prior laws, repayment must be pro rata.

24.8 (c) ~~Except as provided in section 356.441, the repayment of a refund under this~~
 24.9 ~~section must be made in a lump sum.~~ Repayment must be made as provided in section
 24.10 352.23, paragraph (d).

24.11 **EFFECTIVE DATE.** This section is effective July 1, 2016.

24.12 Sec. 9. Minnesota Statutes 2015 Supplement, section 490.124, subdivision 12, is
 24.13 amended to read:

24.14 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund
 24.15 in an amount that is equal to all of the member's employee contributions to the judges'
 24.16 retirement fund plus interest computed under section 352.22, subdivision 2.

24.17 (b) A refund of contributions under paragraph (a) terminates all service credits and
 24.18 all rights and benefits of the judge and the judge's survivors under this chapter.

24.19 (c) A person who becomes a judge again after taking a refund under paragraph (a)
 24.20 may reinstate the previously terminated allowable service credit, rights, and benefits by
 24.21 repaying the total amount of the previously received refund. The refund repayment must
 24.22 include interest on the total amount previously received at the annual rate of 8.5 percent
 24.23 until June 30, 2015, and eight percent thereafter, compounded annually, from the date on
 24.24 which the refund was received until the date on which the refund is repaid. Repayment
 24.25 must be made as provided in section 352.23, paragraph (d).

24.26 **EFFECTIVE DATE.** This section is effective July 1, 2016.

24.27 **ARTICLE 3**

24.28 **TEACHERS RETIREMENT ASSOCIATION** 24.29 **ADMINISTRATIVE PROVISIONS**

24.30 Section 1. Minnesota Statutes 2014, section 354.05, subdivision 2, is amended to read:

24.31 Subd. 2. **Teacher.** (a) "Teacher" means:

24.32 (1) a person who renders service as a teacher, supervisor, principal, superintendent,
 24.33 librarian, nurse, counselor, social worker, therapist, or psychologist in;

25.1 (i) a public school of the state other than in Independent School District No. 625 or
 25.2 in Independent School District No. 709, or in any;

25.3 (ii) a charter school, irrespective of the location of the school, or in any; or

25.4 (iii) a charitable, penal, or correctional institutions institution of a governmental
 25.5 subdivision, or;

25.6 (2) a person who is engaged in educational administration in connection with the
 25.7 state public school system, whether the position be a public office or an as employment;

25.8 (3) a person who renders service as a charter school director or chief administrative
 25.9 officer, provided, however, that if the charter school director or chief administrative officer
 25.10 is covered by the Public Employees Retirement Association general employees retirement
 25.11 plan on July 1, 2016, the charter school director or chief administrative officer shall
 25.12 continue to be covered by that plan and not by the Teachers Retirement Association;

25.13 ~~(2)~~ (4) an employee of the Teachers Retirement Association;

25.14 ~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also
 25.15 renders other services for a single employing unit where the teaching service comprises at
 25.16 least 50 percent of the combined employment salary is a member of the association for
 25.17 all services with the single employing unit or, if less than 50 percent of the combined
 25.18 employment salary, the executive director determines all of the combined service is
 25.19 covered by the association; or

25.20 ~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D,
 25.21 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State
 25.22 Colleges and Universities system in an unclassified position as:

25.23 (i) a president, vice-president, or dean;

25.24 (ii) a manager or a professional in an academic or an academic support program
 25.25 other than specified in item (i);

25.26 (iii) an administrative or a service support faculty position; or

25.27 (iv) a teacher or a research assistant.

25.28 (b) "Teacher" does not mean:

25.29 (1) a person who works for a school or institution as an independent contractor as
 25.30 defined by the Internal Revenue Service;

25.31 ~~(2) a person who renders part-time teaching service or who is a customized trainer~~
 25.32 ~~as defined by the Minnesota State Colleges and Universities system if (i) the service is~~
 25.33 ~~incidental to the regular nonteaching occupation of the person; and (ii) the employer~~
 25.34 ~~stipulates annually in advance that the part-time teaching service or customized training~~
 25.35 ~~service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;~~

26.1 ~~and (iii) the part-time teaching service or customized training service actually does not~~
 26.2 ~~exceed 300 hours in a fiscal year;~~

26.3 ~~(3) a person exempt from licensure under section 122A.30;~~

26.4 ~~(4) (2) annuitants of the teachers retirement plan who are employed after retirement~~
 26.5 ~~by an employing unit that participates in the teachers retirement plan during the course of~~
 26.6 ~~that reemployment;~~

26.7 ~~(5) (3) a person who is employed by the University of Minnesota;~~

26.8 ~~(6) (4) a member or an officer of any general governing or managing board or body~~
 26.9 ~~of an employing unit that participates in the teachers retirement plan; or~~

26.10 ~~(7) (5) a person employed by Independent School District No. 625 or Independent~~
 26.11 ~~School District No. 709 as a teacher as defined in section 354A.011, subdivision 27.~~

26.12 **EFFECTIVE DATE.** This section is effective July 1, 2016.

26.13 Sec. 2. Minnesota Statutes 2014, section 354.05, is amended by adding a subdivision
 26.14 to read:

26.15 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a
 26.16 spouse of a member due to dissolution of the marriage, legal separation, or annulment.

26.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

26.18 Sec. 3. Minnesota Statutes 2014, section 354.06, subdivision 2, is amended to read:

26.19 Subd. 2. **President; executive director.** The board shall annually elect one of
 26.20 its members as president. It shall elect an executive director, whose salary shall be as
 26.21 provided by section 15A.0815. ~~The salary of the assistant executive director who shall be~~
 26.22 ~~in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3.~~
 26.23 The executive director shall serve during the pleasure of the board and be the executive
 26.24 officer of the board, with such duties as the board shall prescribe. The board shall employ
 26.25 all other clerks and employees necessary to properly administer the association. The
 26.26 cost and expense of administering the provisions of this chapter shall be paid by the
 26.27 association. The board shall appoint an executive director shall be appointed by the
 26.28 board on the basis of fitness education, experience in the retirement field and leadership,
 26.29 ability to manage and lead system staff, and ability to assist the board in setting a vision
 26.30 for the system. The executive director shall have had at least five years of experience
 26.31 on the administrative staff of a major retirement system in either an executive-level
 26.32 management position or in a position with responsibility for the governance, management,
 26.33 or administration of a retirement plan.

27.1 **EFFECTIVE DATE.** This section is effective July 1, 2016.

27.2 Sec. 4. Minnesota Statutes 2014, section 354.06, subdivision 2a, is amended to read:

27.3 Subd. 2a. **Duties of executive director.** The management of the association is
27.4 vested in the executive director who shall be the executive and administrative head of
27.5 the association. The executive director shall act as advisor to the board on all matters
27.6 pertaining to the association and shall also act as the secretary of the board. The executive
27.7 director shall:

27.8 (1) attend all meetings of the board;

27.9 (2) prepare and recommend to the board appropriate rules to carry out the provisions
27.10 of this chapter;

27.11 (3) establish and maintain an adequate system of records and accounts following
27.12 recognized accounting principles and controls;

27.13 (4) designate, as necessary, a deputy executive director and an assistant executive
27.14 director in the unclassified service, as defined in section 43A.08, whose salaries shall
27.15 be set in accordance with section 43A.18, subdivision 3, and two assistant executive
27.16 directors in the classified service, as defined in section 43A.07, with the approval of the
27.17 board, and appoint such employees, both permanent and temporary, as are necessary to
27.18 carry out the provisions of this chapter;

27.19 (5) organize the work of the association as the director deems necessary to fulfill the
27.20 functions of the association, and define the duties of its employees and delegate to them
27.21 any powers or duties, subject to the director's control and under such conditions as the
27.22 director may prescribe;

27.23 (6) with the approval of the board, contract and set the compensation for the services
27.24 of an approved actuary, professional management services, and any other consulting
27.25 services. These contracts are not subject to the competitive bidding procedure prescribed
27.26 by chapter 16C. An approved actuary retained by the executive director shall function as
27.27 the actuarial advisor of the board and the executive director and may perform actuarial
27.28 valuations and experience studies to supplement those performed by the actuary retained
27.29 under section 356.214. Any supplemental actuarial valuations or experience studies shall
27.30 be filed with the executive director of the Legislative Commission on Pensions and
27.31 Retirement. Copies of professional management survey reports must be transmitted to the
27.32 secretary of the senate, the chief clerk of the house of representatives, and the Legislative
27.33 Reference Library as provided by section 3.195, and to the executive director of the
27.34 commission at the same time as reports are furnished to the board. Only management

28.1 firms experienced in conducting management surveys of federal, state, or local public
28.2 retirement systems are qualified to contract with the executive director;

28.3 (7) with the approval of the board, provide in-service training for the employees
28.4 of the association;

28.5 (8) make refunds of accumulated contributions to former members and to the
28.6 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased
28.7 members or deceased former members, under this chapter;

28.8 (9) determine the amount of the annuities and disability benefits of members covered
28.9 by the association and authorize payment of the annuities and benefits beginning as of the
28.10 dates on which the annuities and benefits begin to accrue, under this chapter;

28.11 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
28.12 expenses of the association;

28.13 (11) prepare and submit to the board and the legislature an annual financial report
28.14 covering the operation of the association, as required by section 356.20;

28.15 (12) certify funds available for investment to the State Board of Investment;

28.16 (13) with the advice and approval of the board, request the State Board of Investment
28.17 to sell securities on determining that funds are needed for the purposes of the association;

28.18 (14) prepare and submit biennial and annual budgets to the board and with the
28.19 approval of the board submit those budgets to the Department of Management and
28.20 Budget; and

28.21 (15) with the approval of the board, perform such other duties as may be required for
28.22 the administration of the association and the other provisions of this chapter and for the
28.23 transaction of its business. The executive director may:

28.24 (i) reduce all or part of the accrued interest and fines payable by an employing
28.25 unit for reporting requirements under section 354.52, based on an evaluation of any
28.26 extenuating circumstances of the employing unit;

28.27 (ii) assign association employees to conduct field audits of an employing unit to
28.28 ensure compliance with the provisions of this chapter; and

28.29 (iii) recover overpayments, if not repaid to the association, by suspending or reducing
28.30 the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional
28.31 annuity under this chapter until the overpayment, plus interest, has been recovered.

28.32 **EFFECTIVE DATE.** This section is effective July 1, 2016.

28.33 Sec. 5. Minnesota Statutes 2014, section 354.095, is amended to read:

28.34 **354.095 MEDICAL LEAVE.**

29.1 (a) Upon granting a medical leave, an employing unit must certify the leave to the
 29.2 association on a form specified by the executive director. A member of the association
 29.3 who is on an authorized medical leave of absence is entitled to receive allowable service
 29.4 credit, not to exceed ~~one year~~ five years, for the period of leave, upon making the
 29.5 prescribed payment to the fund under section 354.72. A member may not receive more
 29.6 than one year of allowable service credit during any fiscal year by making payment under
 29.7 this section. A member may not receive disability benefits under section 354.48 and
 29.8 receive allowable service credit under this section for the same period of time.

29.9 (b) The executive director shall reject an application for disability benefits under
 29.10 section 354.48 if the member is applying only because an employer-sponsored provider of
 29.11 private disability insurance benefits requires such an application and the member would
 29.12 not have applied for disability benefits in the absence of such requirement. The member
 29.13 shall submit a copy of the disability insurance policy that requires an application for
 29.14 disability benefits from the plan if the member wishes to assert that the application is only
 29.15 being submitted because of the disability insurance policy requirement.

29.16 (c) Notwithstanding the provisions of any agreement to the contrary, employee
 29.17 and employer contributions may not be made to receive allowable service credit under
 29.18 this section if the member does not retain the right to full reinstatement both during and
 29.19 at the end of the medical leave.

29.20 **EFFECTIVE DATE.** This section is effective July 1, 2016.

29.21 Sec. 6. Minnesota Statutes 2015 Supplement, section 354.44, subdivision 9, is
 29.22 amended to read:

29.23 Subd. 9. **Determining applicable law.** A former teacher who returns to covered
 29.24 service following a termination and who is not receiving a retirement annuity under this
 29.25 section must have earned at least ~~85 days~~ one-half year of credited service following the
 29.26 return to covered service to be eligible for improved benefits resulting from any law
 29.27 change enacted subsequent to that termination.

29.28 **EFFECTIVE DATE.** This section is effective July 1, 2016.

29.29 Sec. 7. Minnesota Statutes 2014, section 354.45, is amended by adding a subdivision
 29.30 to read:

29.31 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former
 29.32 spouse to whom payments are to be made before the end of the specified payment period,

30.1 payments shall be made according to the terms of a beneficiary form completed by the
30.2 former spouse or, if no beneficiary form, to the estate of the former spouse.

30.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

30.4 Sec. 8. Minnesota Statutes 2014, section 354.46, subdivision 6, is amended to read:

30.5 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits
30.6 under this section must be in writing on a form prescribed by the executive director.

30.7 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable
30.8 under this section.

30.9 (c) Unless otherwise specified, the annuity must be computed under section 354.44,
30.10 subdivision 2 or 6, whichever is applicable.

30.11 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision
30.12 may apply for an annuity any time after the member's death. The benefit may not begin to
30.13 accrue more than six months before the date the application is filed with the executive
30.14 director and may not accrue before the member's death.

30.15 **EFFECTIVE DATE.** This section is effective July 1, 2016.

30.16 Sec. 9. Minnesota Statutes 2014, section 354.48, subdivision 1, is amended to read:

30.17 Subdivision 1. **Age, service and salary requirements.** A member who is totally and
30.18 permanently disabled, who has not reached the normal retirement age as defined in section
30.19 354.05, subdivision 38, and who has at least three years of credited allowable service at the
30.20 time that the total and permanent disability begins is entitled to a disability benefit based
30.21 on this allowable service in an amount provided in subdivision 3. If the disabled member's
30.22 teaching service has terminated at any time, at least two of the required three years of
30.23 allowable service must have been rendered after last becoming a member. ~~Any member~~
30.24 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

30.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

30.26 Sec. 10. Minnesota Statutes 2014, section 354.52, subdivision 4, is amended to read:

30.27 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all
30.28 amounts due to the association and furnish a statement indicating the amount due and
30.29 transmitted with any other information required by the executive director. If an amount
30.30 due is not received by the association within 14 calendar days of the payroll warrant,
30.31 the amount accrues interest at an annual rate of 8.5 percent compounded annually from
30.32 the due date until the amount is received by the association. All amounts due and other

31.1 employer obligations not remitted ~~within 60 days of notification by the association must~~
 31.2 may be certified to the commissioner of management and budget who shall deduct the
 31.3 amount from any state aid or appropriation amount applicable to the employing unit.

31.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

31.5 Sec. 11. Minnesota Statutes 2014, section 354.52, subdivision 6, is amended to read:

31.6 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not
 31.7 comply with the reporting requirements under subdivision 2a, 4a, 4b, or 4d, clause (1),
 31.8 must pay a fine of \$5 per calendar day until the association receives the required data.

31.9 (b) If the annual base salary required to be reported under subdivision 4d has not
 31.10 been settled or determined as of June 16, the fine commences if the annual base salary has
 31.11 not been reported to the association within 14 days following the settlement date.

31.12 **EFFECTIVE DATE.** This section is effective July 1, 2016.

31.13 Sec. 12. Minnesota Statutes 2014, section 423A.02, subdivision 3, is amended to read:

31.14 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
 31.15 difference between \$5,720,000 and the current year amortization aid distributed under
 31.16 subdivision 1 that is not distributed for any reason to a municipality must be distributed
 31.17 by the commissioner of revenue according to this paragraph. The commissioner shall
 31.18 distribute 60 percent of the amounts derived under this paragraph to the Teachers
 31.19 Retirement Association, and 40 percent to the St. Paul Teachers Retirement Fund
 31.20 Association to fund the unfunded actuarial accrued liabilities of the respective funds.

31.21 These payments must be made on July 15 each fiscal year. If the St. Paul Teachers
 31.22 Retirement Fund Association ~~or the Duluth Teachers Retirement Fund Association~~
 31.23 becomes fully funded, the association's eligibility for its portion of this aid ceases.
 31.24 Amounts remaining in the undistributed balance account at the end of the biennium if aid
 31.25 eligibility ceases cancel to the general fund.

31.26 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 31.27 Independent School District No. 625, St. Paul, must make an additional contribution of
 31.28 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

31.29 (c) Thirty percent of the difference between \$5,720,000 and the current year
 31.30 amortization aid under subdivision 1 that is not distributed for any reason to a municipality
 31.31 must be distributed under section 69.021, subdivision 7, paragraph (d), as additional
 31.32 funding to support a minimum fire state aid amount for volunteer firefighter relief
 31.33 associations.

32.1 **EFFECTIVE DATE.** This section is effective July 1, 2016.

32.2 **ARTICLE 4**

32.3 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**
32.4 **ADMINISTRATIVE PROVISIONS**

32.5 Section 1. Minnesota Statutes 2015 Supplement, section 353.0162, is amended to read:

32.6 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE**
32.7 **FOR PERIODS OF REDUCED SALARY.**

32.8 (a) A member may purchase additional differential salary credit, as described in
32.9 paragraph (c), for a period specified in this section paragraph (b).

32.10 (b) The applicable period is a period during which the member is receiving a no or
32.11 reduced salary from the employer while the member is:

32.12 (1) receiving ~~temporary~~ workers' compensation payments related to the member's
32.13 service to the public employer;

32.14 (2) on an authorized leave of absence, except that if the authorized leave of absence
32.15 exceeds 12 months, the period of leave for which differential salary credit may be
32.16 purchased is limited to 12 months; or

32.17 (3) on an authorized ~~partial-paid~~ leave of absence as a result of a budgetary or salary
32.18 savings program offered or mandated by a governmental subdivision, if certified to the
32.19 executive director by the governmental subdivision.

32.20 (c) The Differential salary amount credit is the difference between the average
32.21 monthly salary received by the member during the a period of reduced salary under
32.22 this section specified in paragraph (b) and the average monthly salary of the member,
32.23 excluding overtime, on which contributions to the applicable plan were would have
32.24 been made during the period of the last six months of covered employment occurring
32.25 immediately before the period of reduced salary, applied to based on the member's normal
32.26 employment period, measured in hours or otherwise, as applicable, and rate of pay.

32.27 (d) To receive eligible differential salary credit, the member shall pay the plan, by
32.28 delivering payment to the executive director, an amount equal to:

32.29 (1) the applicable employee contribution rate under section 353.27, subdivision
32.30 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
32.31 differential salary amount;

32.32 (2) plus an employer equivalent payment equal to the applicable employer
32.33 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
32.34 subdivision 2, as applicable, multiplied by the differential salary amount;

33.1 (3) plus, if applicable, an equivalent employer additional amount equal to the
 33.2 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
 33.3 differential salary amount.

33.4 (e) The employer, by appropriate action of its governing body and documented in its
 33.5 official records, may pay the employer equivalent contributions and, as applicable, the
 33.6 equivalent employer additional contributions on behalf of the member.

33.7 (f) Payment under this section must include interest on the contribution amount or
 33.8 amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an
 33.9 eight percent annual rate thereafter, prorated for applicable months from the date on which
 33.10 the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the
 33.11 date on which the payment or payments are received by the executive director. Payment
 33.12 under this section must be completed ~~within~~ by the earlier earliest of:

33.13 (1) 30 days from after termination of public service by the employee under section
 33.14 353.01, subdivision 11a, ~~or~~;

33.15 (2) one year after the termination of the period specified in paragraph (b), as further
 33.16 ~~restricted under this section;~~ or

33.17 (3) 30 days after the commencement of a disability benefit.

33.18 (g) ~~The period for which additional allowable salary credit may be purchased is~~
 33.19 ~~limited to the period during which the person receives temporary workers' compensation~~
 33.20 ~~payments or for those business years in which the governmental subdivision offers or~~
 33.21 ~~mandates a budget or salary savings program, as certified to the executive director by a~~
 33.22 ~~resolution of the governing body of the governmental subdivision. For an authorized leave~~
 33.23 ~~of absence, the period for which allowable salary credit may be purchased may not exceed~~
 33.24 ~~12 months of authorized leave.~~

33.25 (h) ~~To purchase~~ (g) If the member has purchased 12 months of differential salary
 33.26 ~~credit for a subsequent period of temporary workers' compensation benefits or subsequent~~
 33.27 ~~authorized medical leave of absence, the member must return to public service and render~~
 33.28 ~~a minimum of three months of allowable service~~ to purchase differential salary credit for
 33.29 a subsequent leave of absence.

33.30 **EFFECTIVE DATE.** This section is effective July 1, 2016.

33.31 Sec. 2. Minnesota Statutes 2014, section 353.32, subdivision 1, is amended to read:

33.32 Subdivision 1. **Before retirement.** ~~If a member or former member who terminated~~
 33.33 ~~public service dies before retirement or before receiving any retirement annuity and no~~
 33.34 ~~other payment of any kind is or may become payable to any person, a refund is payable to~~
 33.35 ~~the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the~~

34.1 legal representative of the decedent's estate. The refund must be in an amount equal to
 34.2 accumulated deductions, less the sum of any disability or survivor benefits that have been
 34.3 paid by the fund, plus annual compound interest thereon at the rate specified in section
 34.4 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that
 34.5 may have been paid by the fund; provided that a survivor who has a right to benefits under
 34.6 section 353.31 may waive such benefits in writing, except such benefits for a dependent
 34.7 child under the age of 18 years may only be waived under an order of the district court.

34.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

34.9 Sec. 3. Minnesota Statutes 2014, section 353.34, subdivision 2, is amended to read:

34.10 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person
 34.11 who ceases to be a public employee is entitled to receive a refund in an amount equal
 34.12 to accumulated deductions ~~with,~~ less the sum of any disability benefits that have been
 34.13 paid by the fund, plus annual compound interest to the first day of the month in which
 34.14 the refund is processed.

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

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

34.22 (d) If the refund payable to a member is based on employee deductions that are
 34.23 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
 34.24 invalid employee deductions is four percent.

34.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

34.26 Sec. 4. Minnesota Statutes 2015 Supplement, section 353.64, subdivision 10, is
 34.27 amended to read:

34.28 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics**
 34.29 **and emergency medical technicians.** An employee of Hennepin Healthcare System,
 34.30 Inc. is a member of the public employees police and fire retirement plan under sections
 34.31 353.63 to 353.68 if the person is:

34.32 (1) certified as a paramedic or emergency medical technician by the state under
 34.33 section 144E.28, subdivision 4;

35.1 (2) employed full time by Hennepin County as:
 35.2 (i) a paramedic ~~or;~~
 35.3 (ii) an emergency medical technician by Hennepin County; or
 35.4 (iii) a supervisor or manager of paramedics or emergency medical technicians; and
 35.5 (3) not eligible for coverage under the agreement signed between the state and the
 35.6 secretary of the federal Department of Health and Human Services making the provisions
 35.7 of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics
 35.8 and emergency medical technicians because the person's position is excluded after that
 35.9 date from application under United States Code, title 42, sections 418(d)(5)(A) and
 35.10 418(d)(8)(D), and section 355.07.

35.11 Hennepin Healthcare System, Inc. shall deduct the employee contribution from
 35.12 the salary of each full-time paramedic and emergency medical technician it employs as
 35.13 required by section 353.65, subdivision 2, shall make the employer contribution for each
 35.14 full-time paramedic and emergency medical technician it employs as required by section
 35.15 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
 35.16 in section 353.65, subdivision 4.

35.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

35.18 Sec. 5. **REPEALER.**

35.19 (a) Minnesota Statutes 2014, section 353.0161, subdivision 1, is repealed.

35.20 (b) Minnesota Statutes 2015 Supplement, section 353.0161, subdivisions 2 and
 35.21 3, are repealed.

35.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

35.23 **ARTICLE 5**

35.24 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION** 35.25 **ADMINISTRATIVE PROVISIONS**

35.26 Section 1. Minnesota Statutes 2014, section 354A.093, subdivision 4, is amended to
 35.27 read:

35.28 Subd. 4. **Eligible payment period.** (a) To receive service credit under this section,
 35.29 the contributions specified in this section must be transmitted to the ~~applicable first class~~
 35.30 ~~city~~ St. Paul Teachers Retirement Fund Association during the period which begins with
 35.31 the date the individual returns to teaching service and which has a duration of three times
 35.32 the length of the uniformed service period, but not to exceed five years.

36.1 (b) Notwithstanding paragraph (a), if the payment period determined under
 36.2 paragraph (a) is less than one year, the contributions required under this section to receive
 36.3 service credit may be made within one year from the discharge date.

36.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

36.5 Sec. 2. Minnesota Statutes 2015 Supplement, section 354A.093, subdivision 6, is
 36.6 amended to read:

36.7 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
 36.8 employee and employer contribution amounts payable under this section. ~~Interest must~~
 36.9 ~~be computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
 36.10 ~~compounded annually~~ from the end of each fiscal year of the leave or break in service to the
 36.11 end of the month in which payment is received at the annual compound rate of 8.5 percent
 36.12 for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.

36.13 **EFFECTIVE DATE.** This section is effective July 1, 2016.

36.14 Sec. 3. Minnesota Statutes 2015 Supplement, section 354A.096, is amended to read:

36.15 **354A.096 MEDICAL LEAVE.**

36.16 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 36.17 Association who is on an authorized medical leave of absence and subsequently returns to
 36.18 teaching service is entitled to receive allowable service credit, not to exceed one year, for
 36.19 the period of leave, upon making the prescribed payment to the fund. This payment must
 36.20 include the required employee and employer contributions at the rates specified in section
 36.21 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly
 36.22 salary rate on the date the leave of absence commenced plus ~~annual~~ interest compounded
 36.23 annually from the end of the fiscal year during which the leave terminates to the end of
 36.24 the month during which payment is made at the rate of 8.5 percent ~~until~~ for any period,
 36.25 or portion thereof, through June 30, 2015, and eight percent thereafter ~~per year from the~~
 36.26 ~~end of the fiscal year during which the leave terminates to the end of the month during~~
 36.27 ~~which payment is made.~~ The member must pay the total amount required unless the
 36.28 employing unit, at its option, pays the employer contributions. The total amount required
 36.29 must be paid by the end of the fiscal year following the fiscal year in which the leave of
 36.30 absence terminated or before the member retires, whichever is earlier. Payment must be
 36.31 accompanied by a copy of the resolution or action of the employing authority granting the
 36.32 leave and the employing authority, upon granting the leave, must certify the leave to the
 36.33 association in a manner specified by the executive director. A member may not receive

37.1 more than one year of allowable service credit during any fiscal year by making payment
 37.2 under this section. A member may not receive disability benefits under section 354A.36
 37.3 and receive allowable service credit under this section for the same period of time.

37.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

37.5 Sec. 4. Minnesota Statutes 2014, section 354A.38, as amended by Laws 2015, chapter
 37.6 68, article 2, section 15, is amended to read:

37.7 **354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.**

37.8 Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated
 37.9 member or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant
 37.10 to section 354A.37, all allowable service which was credited to the member or former
 37.11 member shall be terminated.

37.12 Subd. 2. **Repayment of refund.** A coordinated member with at least two years of
 37.13 allowable service credited subsequent to the member's last application for and ~~acceptance~~
 37.14 payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The
 37.15 amount of the refund repayment shall be calculated pursuant to subdivision 3. If the
 37.16 member has ~~previously applied for and accepted~~ taken more than one refund, ~~and the~~
 37.17 ~~previous refund or all refunds have not been~~ must be repaid pro rata, ~~then the member~~
 37.18 ~~shall be entitled only to repay all outstanding refunds and shall not be entitled to repay~~
 37.19 ~~only the most recent refund.~~

37.20 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
 37.21 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
 37.22 amount equal to the refunds the member has ~~accepted~~ been issued plus interest ~~at the rate~~
 37.23 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually
 37.24 from the date that the refund was ~~accepted~~ issued to the date that the refund is repaid at a
 37.25 rate of 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight
 37.26 percent thereafter.

37.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

37.28 **ARTICLE 6**

37.29 **RETIREMENT SYSTEMS, GENERALLY, ADMINISTRATIVE PROVISIONS**

37.30 Section 1. Minnesota Statutes 2014, section 356.30, subdivision 1, is amended to read:

38.1 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
38.2 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
38.3 person who has met the qualifications of paragraph (b) may elect to receive:

38.4 (1) a retirement annuity from each enumerated retirement plan in which the person
38.5 has at least one-half year of allowable service, based on the allowable service in each plan;
38.6 and subject to the provisions of paragraph (c); and

38.7 (2) augmentation of a deferred annuity calculated at the appropriate rate under the
38.8 laws governing the applicable enumerated retirement plan.

38.9 (b) A person may receive, upon retirement, a retirement annuity from each
38.10 ~~enumerated retirement plan in which the person has at least one-half year of allowable~~
38.11 ~~service annuities as described in paragraph (a), clause (1), and augmentation of a any~~
38.12 ~~deferred annuity calculated at the appropriate rate under the laws governing each public~~
38.13 ~~pension plan or fund named in subdivision 3, based on the date of the person's initial~~
38.14 ~~entry into public employment from the date the person terminated all public service as~~
38.15 described in paragraph (a), clause (2), if:

38.16 (1) the person has allowable service in any two or more of the enumerated plans;

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

38.20 (3) the person has not begun to receive an annuity from any enumerated plan ~~or the~~
38.21 ~~person has made application for benefits from each applicable plan before terminating all~~
38.22 public service; and

38.23 (4) the effective dates of the retirement annuity with each plan under which the
38.24 person chooses to receive an annuity are within a one-year period.

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

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

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

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

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

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

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

39.9 (e) For the purpose of computing annuities under this section, the accrual rates
39.10 used by any covered plan, except the public employees police and fire plan, the judges
39.11 retirement fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year
39.12 of service for any year of service or fraction thereof. The formula percentage used by the
39.13 judges retirement fund must not exceed 3.2 percent per year of service for any year of
39.14 service or fraction thereof. The accrual rate used by the public employees police and fire
39.15 plan and the State Patrol retirement plan must not exceed 3.0 percent per year of service
39.16 for any year of service or fraction thereof. The accrual rate or rates used by the legislators
39.17 retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment
39.18 provided under section 3A.02, subdivision 1, paragraph (c).

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

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

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

39.30 **EFFECTIVE DATE.** This section is effective July 1, 2016.

39.31 Sec. 2. Minnesota Statutes 2015 Supplement, section 356.50, subdivision 2, is
39.32 amended to read:

39.33 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan
39.34 allowable service credit, the eligible person under subdivision 1 shall pay the required
39.35 member contribution amount. The required member contribution amount is the member

40.1 contribution rate or rates in effect for the pension plan during the period of service covered
 40.2 by the back pay award, applied to the unpaid gross salary amounts of the back pay award
 40.3 including unemployment insurance, workers' compensation, or wages from other sources
 40.4 which reduced the back award. No contributions may be made under this clause for
 40.5 compensation covered by a public pension plan listed in section 356.30, subdivision 3,
 40.6 for employment during the removal period. The person shall pay the required member
 40.7 contribution amount within 60 days of the date of receipt of the back pay award or within
 40.8 60 days of a billing from the retirement fund, whichever is later.

40.9 (b) The public employer who wrongfully discharged the public employee must pay
 40.10 an employer contribution on the back pay award. The employer contribution must be
 40.11 based on the employer contribution rate or rates in effect for the pension plan during the
 40.12 period of service covered by the back pay award, applied to the salary amount on which
 40.13 the member contribution amount was determined under paragraph (a). The employer must
 40.14 pay the interest on both the required member and employer contribution amount must be
 40.15 paid by the employer amounts from the date the contribution amount would have been paid
 40.16 to the date of actual payment at the annual compound rate of 8.5 percent for any period
 40.17 for the Teachers Retirement Association and 8.5 percent until for any period, or portion
 40.18 thereof, through June 30, 2015, and eight percent thereafter, for any other retirement plan
 40.19 listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the
 40.20 contribution amount would have been paid to the date of actual payment. The employer
 40.21 payment must be made within 30 days of the payment under paragraph (a).

40.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

40.23 Sec. 3. Minnesota Statutes 2015 Supplement, section 356.551, subdivision 2, is
 40.24 amended to read:

40.25 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in
 40.26 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the
 40.27 actuarial present value, on the date of payment, as calculated by the chief administrative
 40.28 officer of the pension plan and reviewed by the actuary retained under section 356.214,
 40.29 of the amount of the additional retirement annuity obtained by the acquisition of the
 40.30 additional service credit in this section.

40.31 (b) Calculation of this amount must be made using the preretirement interest rate
 40.32 applicable to the public pension plan specified in section 356.215, subdivision 8, and
 40.33 the mortality table adopted for the public pension plan. The calculation must assume
 40.34 continuous future service in the public pension plan until, and retirement at, the age at
 40.35 which the minimum requirements of the fund for normal retirement or retirement with an

41.1 annuity unreduced for retirement at an early age, including section 356.30, are met with
41.2 the additional service credit purchased. The calculation must also assume a full-time
41.3 equivalent salary, or actual salary, whichever is greater, and a future salary history that
41.4 includes annual salary increases at the applicable salary increase rate for the plan specified
41.5 in section 356.215, subdivision ~~4~~ 8.

41.6 (c) The prior service credit purchase amount may not be less than the amount
41.7 determined by applying, for each year or fraction of a year being purchased, the sum of the
41.8 employee contribution rate, the employer contribution rate, and the additional employer
41.9 contribution rate, if any, applicable during that period, to the person's annual salary during
41.10 that period, or fractional portion of a year's salary, if applicable, plus interest ~~at the annual~~
41.11 ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually
41.12 from the end of the year in which contributions would otherwise have been made to
41.13 the date on which the payment is received at the rate of 8.5 percent for any period for
41.14 the Teachers Retirement Association and 8.5 percent for any period, or portion thereof,
41.15 through June 30, 2015, and eight percent thereafter, for any other retirement plan listed
41.16 in section 356.30, subdivision 3.

41.17 (d) Unless otherwise provided by statutes governing a specific plan, payment must
41.18 be made in one lump sum within one year of the prior service credit authorization or prior
41.19 to the member's effective date of retirement, whichever is earlier. Payment of the amount
41.20 calculated under this section must be made by the applicable eligible person.

41.21 (e) However, the current employer or the prior employer may, at its discretion, pay
41.22 all or any portion of the payment amount that exceeds an amount equal to the employee
41.23 contribution rates in effect during the period or periods of prior service applied to the
41.24 actual salary rates in effect during the period or periods of prior service, plus interest ~~at the~~
41.25 ~~rate of 8.5 percent a year~~ compounded annually from the date on which the contributions
41.26 would otherwise have been made to the date on which the payment is made at the rate of
41.27 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent for any
41.28 period, or portion thereof, through June 30, 2015, and eight percent thereafter, for any other
41.29 retirement plan listed in section 356.30, subdivision 3. If the employer agrees to payments
41.30 under this subdivision, the purchaser must make the employee payments required under
41.31 this subdivision within 90 days of the prior service credit authorization. If that employee
41.32 payment is made, the employer payment under this subdivision must be remitted to the
41.33 chief administrative officer of the public pension plan within 60 days of receipt by the
41.34 chief administrative officer of the employee payments specified under this subdivision.

41.35 **EFFECTIVE DATE.** This section is effective July 1, 2016.

42.1 Sec. 4. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision
42.2 to read:

42.3 Subd. 9a. **Definitions.** (a) The following definitions apply for purposes of this
42.4 subdivision and subdivisions 10 to 12.

42.5 (b) "Annual addition" means the sum for the limitation year of all pretax and after-tax
42.6 contributions made by the member or the member's employer and credited to an account
42.7 in the name of the member in any defined contribution plan maintained by the employer.

42.8 (c) "Compensation" means the compensation actually paid or made available to
42.9 a member for any limitation year, including all items of remuneration described in
42.10 Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of
42.11 remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c).
42.12 Compensation for pension plan purposes for any limitation year shall not exceed the
42.13 applicable federal compensation limit described in section 356.611, subdivision 2.

42.14 (d) "Limitation year" means the calendar year or fiscal year, whichever is applicable
42.15 to the particular pension plan.

42.16 (e) "Maximum permissible benefit" means an annual benefit of \$160,000,
42.17 automatically adjusted under section 415(d) of the Internal Revenue Code for each
42.18 limitation year ending after December 31, 2001, payable in the form of a single life
42.19 annuity. The new limitation shall apply to limitation years ending with or within the
42.20 calendar year of the date of the adjustment, but a member's benefits shall not reflect the
42.21 adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit
42.22 amount shall be further adjusted as follows:

42.23 (1) if the member has less than ten years of participation, the maximum permissible
42.24 benefit shall be multiplied by a fraction, the numerator of which is the number of years (or
42.25 part thereof, but not less than one year) of participation in the plan, and the denominator of
42.26 which is ten;

42.27 (2) if the annual benefit begins before the member has attained age 62, the
42.28 determination as to whether the maximum permissible benefit limit has been satisfied shall
42.29 be made, in accordance with regulations prescribed by the United States secretary of the
42.30 treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit,
42.31 beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as
42.32 adjusted, annual benefit beginning at age 62; and

42.33 (3) if the annual benefit begins after the member has attained age 65, the
42.34 determination as to whether the maximum permissible benefit limit has been satisfied shall
42.35 be made, in accordance with regulations prescribed by the United States secretary of the
42.36 treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit,

43.1 beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as
 43.2 adjusted, annual benefit beginning at age 65.

43.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

43.4 Sec. 5. Minnesota Statutes 2015 Supplement, section 356.635, subdivision 10, is
 43.5 amended to read:

43.6 Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit
 43.7 payable to a member shall not exceed the maximum permissible benefit. If the benefit the
 43.8 member would otherwise receive for a limitation year would result in the payment of an
 43.9 annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced
 43.10 to the extent necessary so the benefit does not exceed the maximum permissible benefit.

43.11 (b) For purposes of applying the limits of section 415(b) of the Internal Revenue
 43.12 Code, a retirement limitation in paragraph (a), an annual benefit that is payable in any
 43.13 form other than a single life annuity and that is subject to section 417(e)(3) of the Internal
 43.14 Revenue Code must shall be adjusted to an actuarially equivalent single life annuity
 43.15 that equals, if the annuity starting date is in a plan year beginning after 2005, the annual
 43.16 amount of the single life annuity commencing at the same annuity starting date that has
 43.17 the same actuarial present value as the participant's member's form of benefit, using
 43.18 whichever of the following produces the greatest annual amount:

43.19 (1) the interest rate and the mortality table or other tabular factor specified in the
 43.20 plan for adjusting benefits in the same form;

43.21 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

43.22 (3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code
 43.23 and the applicable mortality table, divided by 1.05.

43.24 (c) If a member participated in more than one pension plan in which the employer
 43.25 participates, the benefits under each plan must be reduced proportionately to satisfy the
 43.26 limitation in paragraph (a).

43.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

43.28 Sec. 6. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision
 43.29 to read:

43.30 Subd. 11. **Annual addition limitation; defined contribution plans.** The annual
 43.31 additions by or on behalf of a member to a defined contribution plan for any limitation
 43.32 year shall not exceed the lesser of (1) 100 percent of the member's compensation for
 43.33 the limitation year or (2) the dollar limit in effect for the limitation year under section

44.1 415(c)(1)(A) of the Internal Revenue Code, as adjusted by the United States secretary of
 44.2 the treasury under section 415(d)(1)(C) of the Internal Revenue Code.

44.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

44.4 Sec. 7. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision
 44.5 to read:

44.6 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c)
 44.7 of the Internal Revenue Code and related regulations and agency guidance not addressed
 44.8 by subdivisions 10 and 11 shall be considered incorporated by reference, including
 44.9 provisions applicable to qualified police and firefighters and to survivor and disability
 44.10 benefits. Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the
 44.11 requirements of section 415(b) and (c) of the Internal Revenue Code and the related
 44.12 regulations.

44.13 **EFFECTIVE DATE.** This section is effective July 1, 2016.

44.14 Sec. 8. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision
 44.15 to read:

44.16 Subd. 13. **Correction of errors.** The executive director of each plan may correct an
 44.17 operational, demographic, employer eligibility, or plan document error as the executive
 44.18 director deems necessary or appropriate to preserve and protect the plan's tax qualification
 44.19 under section 401(a) of the Internal Revenue Code, including as provided in the Internal
 44.20 Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any
 44.21 successor thereto. To the extent deemed necessary by the executive director to implement
 44.22 correction, the executive director may:

44.23 (1) make distributions;

44.24 (2) transfer assets; or

44.25 (3) recover an overpayment by reducing future benefit payments or designating
 44.26 appropriate revenue or source of funding that will restore to the plan the amount of the
 44.27 overpayment.

44.28 **EFFECTIVE DATE.** This section is effective July 1, 2016.

44.29 Sec. 9. Minnesota Statutes 2014, section 356.96, subdivision 1, is amended to read:

44.30 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
 44.31 a different meaning is intended, for the purpose of this section, the terms in ~~paragraphs~~
 44.32 ~~(b) to (e)~~ this subdivision have the meanings given them.

45.1 (b) ~~"Chief administrative officer"~~ "Executive director" means the executive director
45.2 of a covered pension plan or the executive director's designee or representative.

45.3 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
45.4 2, clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation
45.5 plan administered under sections 352.965 and 352.97 or ~~to~~ the postretirement health care
45.6 savings plan administered under section 352.98.

45.7 (d) "Governing board" means the Board of Trustees of the Public Employees
45.8 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
45.9 the Board of Directors of the Minnesota State Retirement System.

45.10 (e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive
45.11 participant in a covered pension plan or a beneficiary of a participant, or an individual
45.12 who has applied to be a participant or who is or may be a survivor of a participant,
45.13 or the representative of a state agency or other governmental unit that employs active
45.14 participants in a covered pension plan.

45.15 (f) "Petitioner" means a person who has filed a petition for review of an executive
45.16 director's determination under this section.

45.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

45.18 Sec. 10. Minnesota Statutes 2014, section 356.96, subdivision 2, is amended to read:

45.19 Subd. 2. **Right to review appeal to executive director; determination.** A
45.20 ~~determination made by the chief administrative officer~~ person may appeal a decision by
45.21 the staff of a covered pension plan regarding a the person's eligibility, benefits, or other
45.22 rights under the plan with which the person does not agree to the executive director of
45.23 the plan. The appeal must be in writing and be delivered to the executive director. The
45.24 executive director may overturn, modify, or affirm the staff's decision. The executive
45.25 director's determination is subject to review under this section.

45.26 **EFFECTIVE DATE.** This section is effective July 1, 2016.

45.27 Sec. 11. Minnesota Statutes 2014, section 356.96, subdivision 3, is amended to read:

45.28 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer~~
45.29 ~~denies an application or a written request, modifies a benefit, or terminates a benefit~~
45.30 ~~of a person claiming a right or potential rights under a covered pension plan, the chief~~
45.31 ~~administrative officer shall notify that person through a written notice containing:~~ The
45.32 executive director shall issue a written notice of determination to the person who files an
45.33 appeal under subdivision 2. The notice of determination must be delivered by certified

46.1 mail to the address to which the most recent benefit payment was sent or, if that address
 46.2 is that of a financial institution, to the last known address of the person. The notice of
 46.3 determination shall include the following:

46.4 (1) a statement of the reasons for the determination;

46.5 (2) a ~~notice~~ statement that the person may petition the governing board of the
 46.6 covered pension plan for a review of the determination and that a person's petition for
 46.7 review must be filed in the administrative office of the covered pension plan ~~within no~~
 46.8 later than 60 days of the receipt after the date of the written notice of the determination;

46.9 (3) a statement indicating that a failure to petition for review within 60 days
 46.10 precludes the person from ~~contesting in any other~~ further administrative or judicial
 46.11 ~~review or court procedure the issues determined by the chief administrative officer of the~~
 46.12 executive director's determination;

46.13 (4) a statement indicating that all relevant materials, documents, affidavits, and
 46.14 other records that the person wishes to be reviewed in support of the petition and a list
 46.15 of any witnesses who will testify before the governing board, along with a summary of
 46.16 their testimony, must be filed with and received in the administrative office of the covered
 46.17 pension plan at least 15 days before the date of the hearing under subdivision 10 or as
 46.18 directed by the administrative law judge who conducts a fact-finding conference under
 46.19 subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph
 46.20 (b); and

46.21 (5) a summary of this section, including all filing requirements and deadlines; and

46.22 (6) the statement required under subdivision 4, paragraph (a), if applicable.

46.23 **EFFECTIVE DATE.** This section is effective July 1, 2016.

46.24 Sec. 12. Minnesota Statutes 2014, section 356.96, subdivision 4, is amended to read:

46.25 Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to the~~
 46.26 executive director's determination will terminate a benefit that is being paid to a person,
 46.27 ~~before terminating the benefit, the chief administrative officer must, in addition to the~~
 46.28 ~~other procedures prescribed in this section, provide the individual with written notice of~~
 46.29 ~~the pending benefit termination by certified mail. The notice must explain the reason for~~
 46.30 ~~the pending benefit termination. The person must be given an~~ the notice of determination
 46.31 must also state that the person has the opportunity to explain, in writing, in person, by
 46.32 telephone, or by e-mail, the reasons that the benefit should not be terminated.

46.33 (b) ~~If the chief administrative officer is unable to contact the person and~~ notice of
 46.34 determination is returned as undeliverable, and the person cannot be reached by any other
 46.35 reasonable means of communication, and the executive director determines that a failure

47.1 to terminate the benefit will result in unauthorized payment by a covered pension plan,
 47.2 ~~the chief administrative officer~~ executive director may terminate the benefit immediately
 47.3 ~~upon mailing a written notice containing the information required by subdivision 3 to the~~
 47.4 ~~address to which the most recent benefit payment was sent and, if that address is that of a~~
 47.5 ~~financial institution, to the last known address of the person.~~

47.6 **EFFECTIVE DATE.** This section is effective July 1, 2016.

47.7 Sec. 13. Minnesota Statutes 2014, section 356.96, subdivision 5, is amended to read:

47.8 Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination
 47.9 required in subdivision 3, a person who claims a right under subdivision 2 may petition
 47.10 the governing board of the covered pension plan for a review of that decision by the
 47.11 governing board of the covered pension plan the executive director's determination.

47.12 (b) ~~A petition under this section must be sent to the chief administrative officer~~
 47.13 ~~by mail and must be postmarked~~ The petitioner must file the petition for review with
 47.14 the administrative office of the covered pension plan no later than 60 days after the
 47.15 person received date of the notice of determination required by subdivision 3. Filing of
 47.16 the petition is effective upon mailing or personal delivery. The petition must include
 47.17 the ~~person's~~ petitioner's statement of the reason or reasons that the ~~person believes the~~
 47.18 ~~decision of the chief administrative officer~~ determination of the executive director
 47.19 should be reversed or modified. ~~The petition may include all documentation and written~~
 47.20 ~~materials that the petitioner deems to be relevant. In developing a record for review by~~
 47.21 ~~the board when a decision is appealed, the chief administrative officer may direct that the~~
 47.22 ~~applicant participate in a fact-finding session conducted by an administrative law judge~~
 47.23 ~~assigned by the Office of Administrative Hearings and, as applicable, participate in a~~
 47.24 ~~vocational assessment conducted by a qualified rehabilitation counselor on contract with~~
 47.25 ~~the applicable retirement system.~~

47.26 **EFFECTIVE DATE.** This section is effective July 1, 2016.

47.27 Sec. 14. Minnesota Statutes 2014, section 356.96, subdivision 6, is amended to read:

47.28 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is
 47.29 not filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan,
 47.30 the executive director's determination is final and is not subject to further administrative
 47.31 or judicial review.

47.32 **EFFECTIVE DATE.** This section is effective July 1, 2016.

48.1 Sec. 15. Minnesota Statutes 2014, section 356.96, subdivision 7, is amended to read:

48.2 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a)

48.3 After receiving a petition, the ~~chief administrative officer~~ executive director must schedule
48.4 a timely hearing to review of the petition before the governing board of the covered
48.5 pension plan or the executive director may defer the scheduling of a hearing until after
48.6 a fact-finding conference under paragraph (b). ~~The review must be scheduled to take~~
48.7 ~~into consideration any necessary accommodations to allow the petitioner to participate~~
48.8 ~~in the governing board's review.~~

48.9 (b) The executive director may direct the petitioner to participate in a fact-finding
48.10 conference conducted by an administrative law judge assigned by the Office of
48.11 Administrative Hearings. The fact-finding conference is an informal proceeding not
48.12 subject to the provisions of Minnesota Rules, chapter 1400, except that part 1400.7300
48.13 shall govern the admissibility of evidence and part 1400.8603 shall govern how the
48.14 fact-finding conference is conducted. The administrative law judge must issue a report
48.15 and a recommendation to the governing board.

48.16 (c) If the petitioner's claim relates to disability benefits, the executive director may
48.17 direct the petitioner to participate in a vocational assessment conducted by a qualified
48.18 rehabilitation counselor under contract with the covered pension plan. The counselor must
48.19 issue a report regarding the assessment to the governing board.

48.20 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing
48.21 date before the governing board, the ~~chief administrative officer~~ executive director must
48.22 provide by mail to notify the petitioner an acknowledgment of the receipt of the person's
48.23 petition and a follow-up notice of the time and place of the meeting at which the governing
48.24 board is scheduled to consider the petition and conduct the hearing. If there has been
48.25 no fact-finding conference under paragraph (b), not less than 15 days before the date
48.26 scheduled for the hearing, the petitioner and the executive director must provide a copy to
48.27 the governing board and the other party copies of all relevant documents, documentary
48.28 evidence, summaries, and recommendations assembled by or on behalf of the plan
48.29 administration to be considered by the governing board that will be presented and a list of
48.30 witnesses who will testify, along with a summary of their testimony.

48.31 ~~(c)~~ all documents and materials that the petitioner wishes to be part of the record
48.32 for review must be filed with the chief administrative officer and must be received in the
48.33 offices of the covered pension plan at least 15 days before the date of the meeting at
48.34 which the petition is scheduled to be heard.

48.35 ~~(d)~~ A (e) The petitioner may request a continuance postponement of a the date
48.36 scheduled for the hearing if the request is received by the chief administrative officer within

49.1 before the governing board within a reasonable time, but no later than ten calendar days of
 49.2 before the scheduled hearing date of the applicable board meeting. The chief administrative
 49.3 officer must reschedule the review within a reasonable time. only one continuance may be
 49.4 granted to any petitioner. A petitioner shall be granted only one postponement unless the
 49.5 applicable covered pension plan agrees to additional postponements.

49.6 **EFFECTIVE DATE.** This section is effective July 1, 2016.

49.7 Sec. 16. Minnesota Statutes 2014, section 356.96, subdivision 8, is amended to read:

49.8 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
 49.9 affidavits in the possession of the covered pension plan of which the covered pension plan
 49.10 desires to avail itself and be considered by the governing board, and all evidence which the
 49.11 petitioner wishes to present to the governing board, including any evidence which would
 49.12 otherwise be classified by law as "private," must be made part of the hearing record.

49.13 (b) ~~The chief administrative officer~~ executive director must provide a copy of
 49.14 the record to each member of the governing board at least ~~seven~~ five days before the
 49.15 scheduled hearing date.

49.16 (c) ~~Any additional document, affidavit, or other relevant information that the~~
 49.17 ~~petitioner requests be part of the record may be admitted with the consent of the governing~~
 49.18 ~~board.~~ If a fact-finding conference under subdivision 7, paragraph (b), is not conducted,
 49.19 the record is limited to those materials provided to the petitioner in accordance with
 49.20 subdivision 7, paragraph (d), those filed by the petitioner with the covered pension plan
 49.21 in a timely manner in accordance with subdivision 7, paragraph (e), any vocational
 49.22 assessment report under subdivision 7, paragraph (c), and any testimony at the hearing
 49.23 before the governing board. Any additional evidence may be placed in the record pursuant
 49.24 to subdivision 10, paragraph (b).

49.25 (d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested
 49.26 case hearing under subdivision 12, paragraph (b), is conducted, the record before the
 49.27 governing board must be limited to the following:

49.28 (1) the record from the Office of Administrative Hearings;

49.29 (2) seven-page submissions by the petitioner and a representative of the covered
 49.30 pension plan commenting on the administrative law judge's recommendation; and

49.31 (3) any vocational assessment report under subdivision 7, paragraph (c).

49.32 **EFFECTIVE DATE.** This section is effective July 1, 2016.

49.33 Sec. 17. Minnesota Statutes 2014, section 356.96, subdivision 9, is amended to read:

50.1 Subd. 9. **Amended determination.** At any time before the hearing before the
 50.2 governing board, for good cause shown and made part of the records of the plan, the ~~chief~~
 50.3 ~~administrative officer~~ executive director may reverse, alter, amend, or modify the prior
 50.4 decision which is subject to review under this section by issuing an amended ~~decision~~
 50.5 determination to the petitioner. Upon doing so, the ~~chief administrative officer~~ executive
 50.6 director may cancel the governing board's scheduled review of the person's petition and
 50.7 ~~shall so~~ notify the petitioner.

50.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

50.9 Sec. 18. Minnesota Statutes 2014, section 356.96, subdivision 10, is amended to read:

50.10 Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing
 50.11 on a petition for review as part of a regularly scheduled board meeting, or as part of
 50.12 a special meeting if so scheduled. All governing board members who participate in the
 50.13 decision-making process must be familiar with the record. The governing board shall
 50.14 make its decision on a petition solely on the record as submitted and on the proceedings
 50.15 of the hearing.

50.16 (b) At the hearing, the petitioner, the petitioner's attorney representative, if any, and
 50.17 ~~the chief administrative officer~~ executive director and a representative of the covered
 50.18 pension plan who does not also serve as the governing board's legal advisor during the
 50.19 board's decision-making process, may state and discuss with the governing board their
 50.20 positions with respect to the petition. If no fact-finding conference under subdivision
 50.21 7, paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was
 50.22 conducted, additional evidence may be received in the form of testimony from previously
 50.23 disclosed witnesses. The governing board may allow further documentation to be placed
 50.24 in the record at the board meeting only with the agreement of both the ~~chief administrative~~
 50.25 ~~officer~~ executive director and the petitioner. The ~~chief administrative officer~~ executive
 50.26 director may not otherwise participate in the board's decision-making process.

50.27 (b) ~~When a petition presents a contested issue of law, an assistant attorney general~~
 50.28 ~~may participate and may argue on behalf of the legal position taken by the chief~~
 50.29 ~~administrative officer if that assistant attorney general does not also serve as the governing~~
 50.30 ~~board's legal advisor during the board's decision-making process.~~

50.31 (c) ~~A motion by a board member, supported by a summary of the relevant facts,~~
 50.32 ~~conclusions and reasons, as properly amended and approved by a majority of the~~
 50.33 ~~governing board, constitutes the board's final decision. A verbatim statement of the~~
 50.34 ~~board's final decision must be served upon the petitioner. If the decision is contrary to the~~

51.1 ~~petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set~~
 51.2 ~~forth in subdivision 13.~~

51.3 ~~(d) (c)~~ If a petitioner who received timely notice of a scheduled hearing fails to
 51.4 appear, the governing board may nevertheless hear the petition and issue a decision.

51.5 (d) The governing board's decision shall be made upon a motion by a board member
 51.6 and approval by a majority of the governing board. The governing board must issue
 51.7 its decision as a written order containing findings of fact, conclusions of law, and the
 51.8 board's decision no later than 30 days after the hearing. If the decision is contrary to the
 51.9 petitioner's desired outcome, the notice must inform the petitioner of the appeal rights set
 51.10 forth in subdivision 13.

51.11 **EFFECTIVE DATE.** This section is effective July 1, 2016.

51.12 Sec. 19. Minnesota Statutes 2014, section 356.96, subdivision 11, is amended to read:

51.13 Subd. 11. **Disability medical issues.** ~~(a) If a person petitions the governing board~~
 51.14 ~~the petitioner seeks to reverse or modify a determination which found by the executive~~
 51.15 ~~director that there exists no was insufficient medical data supporting to support an~~
 51.16 application for disability benefits, the governing board may reverse that determination
 51.17 only if there is ~~in fact~~ medical evidence supporting the application. The governing board
 51.18 has the discretion to resubmit a disability benefit application at any time to a medical
 51.19 advisor for reconsideration, and the resubmission may include an instruction that further
 51.20 medical examinations be obtained.

51.21 ~~(b) The governing board may make a determination contrary to the recommendation~~
 51.22 ~~of the medical advisor only if there is expert medical evidence in the record to support~~
 51.23 ~~its contrary decision. If there is no medical evidence contrary to the opinion of the~~
 51.24 ~~medical advisor in the record and the medical advisor attests that the decision was made in~~
 51.25 ~~accordance with the applicable disability standard, the board must follow the decision of~~
 51.26 ~~the medical advisor regarding the cause of the disability.~~

51.27 ~~(c) The obligation of the governing board to follow the decision of the medical~~
 51.28 ~~advisor under paragraph (b) does not apply to instances when the governing board makes~~
 51.29 ~~a determination different from the recommendation of the medical advisor on issues~~
 51.30 ~~that do not involve medical issues.~~

51.31 **EFFECTIVE DATE.** This section is effective July 1, 2016.

51.32 Sec. 20. Minnesota Statutes 2014, section 356.96, subdivision 12, is amended to read:

52.1 Subd. 12. **Referral for administrative hearing.** (a) ~~Notwithstanding any provision~~
 52.2 ~~of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination~~
 52.3 ~~of the chief administrative officer of a covered pension plan~~ A fact-finding conference
 52.4 under subdivision 7, paragraph (b), must be conducted exclusively under the procedures
 52.5 set forth in this section and is not as a contested case under chapter 14.

52.6 (b) ~~Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole
 52.7 discretion, may refer a petition brought under this section to the Office of Administrative
 52.8 Hearings for a contested case hearing under sections 14.57 to 14.69.

52.9 **EFFECTIVE DATE.** This section is effective July 1, 2016.

52.10 Sec. 21. Minnesota Statutes 2014, section 356.96, subdivision 13, is amended to read:

52.11 Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No
 52.12 later than 60 days of after the date of the mailing of the notice of the governing board's
 52.13 decision, the petitioner may appeal the decision by filing a writ of certiorari with the
 52.14 Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil
 52.15 Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the
 52.16 60-day period precludes the person from later raising, in any subsequent administrative
 52.17 hearing or court proceeding, ~~those~~ substantive and procedural issues that reasonably
 52.18 should have been raised upon a timely appeal.

52.19 Sec. 22. **REPEALER.**

52.20 Minnesota Statutes 2014, sections 356.611, subdivisions 3, 3a, 4, and 5; and 356.96,
 52.21 subdivisions 14 and 15, are repealed.

52.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

52.23 ARTICLE 7

52.24 ACTUARIAL ASSUMPTION CHANGES

52.25 Section 1. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 8,
 52.26 is amended to read:

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

52.29 ~~(1) select and ultimate interest rate assumption~~

52.30		ultimate interest
52.31	plan	rate assumption
52.32	teachers retirement plan	8.5%

53.1 The select preretirement interest rate assumption for the period through June 30,
53.2 2017, is eight percent.

53.3 (2) ~~single rate interest rate assumption~~

53.4		interest rate
53.5	plan	assumption
53.6	general state employees retirement plan	8%
53.7	correctional state employees retirement plan	8
53.8	State Patrol retirement plan	8
53.9	legislators retirement plan, and for the	0
53.10	constitutional officers calculation of total plan	
53.11	liabilities	
53.12	judges retirement plan	8
53.13	general public employees retirement plan	8
53.14	public employees police and fire retirement plan	8
53.15	local government correctional service retirement	8
53.16	plan	
53.17	<u>teachers retirement plan</u>	<u>8</u>
53.18	St. Paul teachers retirement plan	8
53.19	Bloomington Fire Department Relief Association	6
53.20	local monthly benefit volunteer firefighter relief	5
53.21	associations	
53.22	monthly benefit retirement plans in the statewide	6
53.23	volunteer firefighter retirement plan	

53.24 (b)(1) If funding stability has been attained, the valuation must use a postretirement
53.25 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
53.26 in section ~~354A.27, subdivision 7~~; 354A.29, subdivision 9 $\frac{1}{2}$ or 356.415, subdivision 1,
53.27 whichever applies.

53.28 (2) If funding stability has not been attained, the valuation must use a select
53.29 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
53.30 rate specified in section ~~354A.27, subdivision 6a~~; 354A.29, subdivision 8 $\frac{1}{2}$ or 356.415,
53.31 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the
53.32 approved actuary estimates that the plan will attain the defined funding stability measure,
53.33 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
53.34 to the postretirement adjustment rate under section ~~354A.27, subdivision 7~~; 354A.29,
53.35 subdivision 9 $\frac{1}{2}$ or 356.415, subdivision 1, for the applicable period or periods beginning
53.36 when funding stability is projected to be attained.

53.37 (c) The actuarial valuation must use the applicable following single rate future salary
53.38 increase assumption, the applicable following modified single rate future salary increase
53.39 assumption, or the applicable following graded rate future salary increase assumption:

53.40 (1) single rate future salary increase assumption

54.1	plan	future salary increase assumption
54.2	legislators retirement plan	5%
54.3	judges retirement plan	2.75
54.4	Bloomington Fire Department Relief Association	4

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

54.8	plan	future salary increase assumption
54.9	local government correctional service retirement plan	assumption B
54.10	St. Paul teachers retirement plan	assumption A

54.11 ~~For plans other than the St. Paul Teachers~~
 54.12 ~~Retirement plan and the local government~~
 54.13 ~~correctional service retirement plan, the~~
 54.14 ~~select calculation is: Fund Association,~~
 54.15 ~~during the a designated select period of 15~~
 54.16 ~~years, in addition to the age-based rates~~
 54.17 ~~shown below, a designated percentage rate~~
 54.18 ~~of 0.2 percent is multiplied by the result of~~
 54.19 ~~the designated integer 15 minus T, where T~~
 54.20 ~~is the number of completed years of service,~~
 54.21 ~~and is added to the applicable future salary~~
 54.22 ~~increase assumption. The designated select~~
 54.23 ~~period is ten years and the designated integer~~
 54.24 ~~is ten for the local government correctional~~
 54.25 ~~service retirement plan and 15 for the St.~~
 54.26 ~~Paul Teachers Retirement Fund Association.~~
 54.27 ~~The designated percentage rate is 0.2 percent~~
 54.28 ~~for the St. Paul Teachers Retirement Fund~~
 54.29 ~~Association.~~

54.30 The ultimate future salary increase assumption is:

54.31	age	A	B
54.32	16	5.9%	8.75%
54.33	17	5.9	8.75
54.34	18	5.9	8.75
54.35	19	5.9	8.75
54.36	20	5.9	8.75
54.37	21	5.9	8.5

55.1	22	5.9	8.25
55.2	23	5.85	8
55.3	24	5.8	7.75
55.4	25	5.75	7.5
55.5	26	5.7	7.25
55.6	27	5.65	7
55.7	28	5.6	6.75
55.8	29	5.55	6.5
55.9	30	5.5	6.5
55.10	31	5.45	6.25
55.11	32	5.4	6.25
55.12	33	5.35	6.25
55.13	34	5.3	6
55.14	35	5.25	6
55.15	36	5.2	5.75
55.16	37	5.15	5.75
55.17	38	5.1	5.75
55.18	39	5.05	5.5
55.19	40	5	5.5
55.20	41	4.95	5.5
55.21	42	4.9	5.25
55.22	43	4.85	5
55.23	44	4.8	5
55.24	45	4.75	4.75
55.25	46	4.7	4.75
55.26	47	4.65	4.75
55.27	48	4.6	4.75
55.28	49	4.55	4.75
55.29	50	4.5	4.75
55.30	51	4.45	4.75
55.31	52	4.4	4.75
55.32	53	4.35	4.75
55.33	54	4.3	4.75
55.34	55	4.25	4.5
55.35	56	4.2	4.5
55.36	57	4.15	4.25
55.37	58	4.1	4
55.38	59	4.05	4
55.39	60	4	4
55.40	61	4	4
55.41	62	4	4
55.42	63	4	4
55.43	64	4	4

56.1	65	4	3.75
56.2	66	4	3.75
56.3	67	4	3.75
56.4	68	4	3.75
56.5	69	4	3.75
56.6	70	4	3.75

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

56.8	general state employees retirement plan of the	assumption A
56.9	Minnesota State Retirement System	
56.10	general employees retirement plan of the Public	assumption B
56.11	Employees Retirement Association	
56.12	Teachers Retirement Association	assumption C
56.13	public employees police and fire retirement plan	assumption D
56.14	State Patrol retirement plan	assumption E
56.15	correctional state employees retirement plan of the	assumption F
56.16	Minnesota State Retirement System	

56.17	service						
56.18	length	A	B	C	D	E	F
56.19	1	10.25 <u>14%</u>	11.78	12 <u>9.5%</u>	12.75%	7.75%	5.75%
56.20			<u>11.5%</u>				
56.21	2	7.85 <u>11.5</u>	8.65 <u>8.5</u>	9 <u>9.5</u>	10.75	7.25	5.6
56.22	3	6.65 <u>6.25</u>	7.21 <u>7</u>	8 <u>7.75</u>	8.75	6.75	5.45
56.23	4	5.95 <u>5.5</u>	6.33 <u>6</u>	7.5 <u>7.25</u>	7.75	6.5	5.3
56.24	5	5.45 <u>5.25</u>	5.72 <u>5.5</u>	7.25 <u>7</u>	6.25	6.25	5.15
56.25	6	5.05 <u>5.15</u>	5.27 <u>5.2</u>	7	5.85	6	5
56.26	7	4.75 <u>5</u>	4.91 <u>4.9</u>	6.85	5.55	5.75	4.85
56.27	8	4.45 <u>4.75</u>	4.62 <u>4.8</u>	6.7	5.35	5.6	4.7
56.28	9	4.25 <u>4.5</u>	4.38 <u>4.7</u>	6.55	5.15	5.45	4.55
56.29	10	4.15 <u>4.25</u>	4.17 <u>4.5</u>	6.4	5.05	5.3	4.4
56.30	11	3.95 <u>4.2</u>	3.99 <u>4.25</u>	6.25	4.95	5.15	4.3
56.31	12	3.85 <u>4.15</u>	3.83 <u>4.1</u>	6	4.85	5	4.2
56.32	13	3.75 <u>4.1</u>	3.69 <u>4</u>	5.75	4.75	4.85	4.1
56.33	14	3.55 <u>4.05</u>	3.57 <u>3.9</u>	5.5	4.65	4.7	4
56.34	15	3.45 <u>4</u>	3.45 <u>3.9</u>	5.25	4.55	4.55	3.9
56.35	16	3.35 <u>3.95</u>	3.35 <u>3.85</u>	5	4.55	4.4	3.8
56.36	17	3.25 <u>3.9</u>	3.26 <u>3.8</u>	4.75	4.55	4.25	3.7
56.37	18	3.25 <u>3.85</u>	3.25 <u>3.75</u>	4.5	4.55	4.1	3.6
56.38	19	3.25 <u>3.8</u>	3.25 <u>3.75</u>	4.25 <u>4.3</u>	4.55	3.95	3.5
56.39	20	3.25 <u>3.75</u>	3.25 <u>3.75</u>	4 <u>4.2</u>	4.55	3.8	3.5
56.40	21	3.25 <u>3.7</u>	3.25 <u>3.75</u>	3.9 <u>4.1</u>	4.45	3.75	3.5
56.41	22	3.25 <u>3.65</u>	3.25 <u>3.7</u>	3.8 <u>4</u>	4.35	3.75	3.5
56.42	23	3.25 <u>3.6</u>	3.25 <u>3.6</u>	3.7 <u>3.9</u>	4.25	3.75	3.5
56.43	24	3.25 <u>3.55</u>	3.25 <u>3.6</u>	3.6 <u>3.8</u>	4.25	3.75	3.5

57.1	25	3.25 <u>3.5</u>	3.25 <u>3.6</u>	3.5 <u>3.7</u>	4.25	3.75	3.5
57.2	26	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5 <u>3.6</u>	4.25	3.75	3.5
57.3	27	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
57.4	28	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
57.5	29	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
57.6	30 or more	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5

57.7 (d) The actuarial valuation must use the applicable following payroll growth
 57.8 assumption for calculating the amortization requirement for the unfunded actuarial
 57.9 accrued liability where the amortization retirement is calculated as a level percentage
 57.10 of an increasing payroll:

57.11	plan	payroll growth assumption
57.12	general state employees retirement plan of the	3.5%
57.13	Minnesota State Retirement System	
57.14	correctional state employees retirement plan	3.5
57.15	State Patrol retirement plan	3.5
57.16	judges retirement plan	2.75
57.17	general employees retirement plan of the Public	3.5
57.18	Employees Retirement Association	
57.19	public employees police and fire retirement plan	3.5
57.20	local government correctional service retirement plan	3.5
57.21	teachers retirement plan	3.75 <u>3.5</u>
57.22	St. Paul teachers retirement plan	4

57.23 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
 57.24 different salary assumption or a different payroll increase assumption:

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

57.30 **EFFECTIVE DATE.** This section is effective July 1, 2016, and applies to actuarial
 57.31 valuations prepared on or after that date.

57.32 **ARTICLE 8**

57.33 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS**

57.34 Section 1. Minnesota Statutes 2015 Supplement, section 353G.02, subdivision 6,
 57.35 is amended to read:

57.36 Subd. 6. **Initial administrative expenses of the monthly benefit retirement**
 57.37 **division; allocation of reimbursement.** (a) The administration expenses incurred by the

58.1 Public Employees Retirement Association in the establishment of the monthly benefit
 58.2 retirement division of the voluntary statewide volunteer firefighter retirement plan,
 58.3 including any computer programming expenses and any actuarial consultant expenses, are
 58.4 payable from the assets of the initial monthly benefit volunteer firefighter relief association
 58.5 that elects to transfer its administration to the voluntary statewide volunteer firefighter
 58.6 retirement plan, following the transfer of assets.

58.7 ~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must~~
 58.8 ~~be reimbursed by the next nine monthly benefit volunteer firefighter relief associations~~
 58.9 ~~that transfer plan administration to the voluntary statewide volunteer firefighter retirement~~
 58.10 ~~plan. The reimbursement charge for each of the nine is three-tenths of one percent of the~~
 58.11 ~~market value of assets of the volunteer firefighter relief association as of December 31,~~
 58.12 ~~2012. The reimbursement amounts, up to the amount of administrative expenses actually~~
 58.13 ~~incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the~~
 58.14 ~~fire department associated with the former monthly benefit volunteer firefighter relief~~
 58.15 ~~association that first transferred plan administration to the volunteer firefighter retirement~~
 58.16 ~~plan.~~

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

58.18 **Sec. 2. [424A.003] CERTIFICATION OF SERVICE CREDIT.**

58.19 (a) When a municipal fire department, a joint powers fire department, or an
 58.20 independent nonprofit firefighting corporation is directly associated with the volunteer
 58.21 firefighters relief association, the fire chief shall certify annually by March 31 the service
 58.22 credit for the previous calendar year of each volunteer firefighter rendering active service
 58.23 with the fire department.

58.24 (b) The certification shall be made to an officer of the relief association's board
 58.25 of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in
 58.26 population served by the associated fire department.

58.27 (c) The fire chief shall notify each volunteer firefighter rendering active service with
 58.28 the fire department of the amount of service credit rendered by the firefighter for the
 58.29 previous calendar year. The service credit notification and a description of the process and
 58.30 deadlines for the firefighter to challenge the fire chief's determination of service credit
 58.31 must be provided to the firefighter 60 days prior to its certification to the relief association
 58.32 and municipality. If the service credit amount is challenged, the fire chief shall accept
 58.33 and consider any additional pertinent information and shall make a final determination of
 58.34 service credit.

59.1 (d) The service credit certification must be expressed as the number of completed
 59.2 months of the previous year during which an active volunteer firefighter rendered at least
 59.3 the minimum level of duties as specified and required by the fire department under the
 59.4 rules, regulations, and policies applicable to the fire department. No more than one year of
 59.5 service credit may be certified for a calendar year.

59.6 (e) If a volunteer firefighter who is a member of the relief association leaves active
 59.7 firefighting service to render active military service that is required to be governed by the
 59.8 federal Uniformed Services Employment and Reemployment Rights Act, as amended,
 59.9 the firefighter must be certified as providing service credit for the period of the military
 59.10 service, up to the applicable limit of the federal Uniformed Services Employment
 59.11 and Reemployment Rights Act. If the volunteer firefighter does not return from the
 59.12 military service in compliance with the federal Uniformed Services Employment and
 59.13 Reemployment Rights Act, the service credits applicable to that military service credit
 59.14 period are forfeited and canceled at the end of the calendar year in which the time limit
 59.15 set by federal law occurs.

59.16 **EFFECTIVE DATE.** This section is effective January 1, 2017.

59.17 Sec. 3. Minnesota Statutes 2014, section 424A.01, is amended by adding a subdivision
 59.18 to read:

59.19 **Subd. 4a. Prohibition on receipt of concurrent service credit.** No firefighter may
 59.20 be credited with service credit in a volunteer firefighters relief association for the same
 59.21 hours of service for which coverage is already provided in a fund operated pursuant to
 59.22 chapter 353.

59.23 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
 59.24 service rendered on or after that date.

59.25 Sec. 4. Minnesota Statutes 2014, section 424A.01, is amended by adding a subdivision
 59.26 to read:

59.27 **Subd. 5a. Volunteer emergency medical personnel.** Volunteer emergency
 59.28 medical personnel are eligible to be members of the applicable volunteer firefighters
 59.29 relief association and to qualify for service pension or other benefit coverage of the relief
 59.30 association on the same basis as fire department personnel who perform or supervise fire
 59.31 suppression or fire prevention duties, if:

60.1 (1) the fire department employs or otherwise uses the services of persons solely as
 60.2 volunteer emergency medical personnel to perform emergency medical response duties or
 60.3 supervise emergency medical response activities;

60.4 (2) the bylaws of the relief association authorize the eligibility; and

60.5 (3) the eligibility is approved by:

60.6 (i) the municipality, if the fire department is a municipal department;

60.7 (ii) the joint powers board, if the fire department is a joint powers entity; or

60.8 (iii) the contracting municipality or municipalities, if the fire department is an
 60.9 independent nonprofit firefighting corporation.

60.10 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
 60.11 service rendered on or after that date.

60.12 Sec. 5. Minnesota Statutes 2014, section 424A.015, is amended by adding a
 60.13 subdivision to read:

60.14 Subd. 7. **Combined service pensions.** (a) A volunteer firefighter with credit for
 60.15 service as an active firefighter in more than one volunteer firefighters relief association is
 60.16 entitled to a prorated service pension from each relief association if:

60.17 (1) the articles of incorporation or bylaws of the relief associations provide;

60.18 (2) the applicable requirements of paragraphs (b) and (c) are met; and

60.19 (3) the volunteer firefighter otherwise qualifies.

60.20 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
 60.21 must have a total combined amount of service credit from the two or more relief
 60.22 associations of ten years or more, unless the bylaws of every affected relief association
 60.23 specify less than a ten-year service vesting requirement, in which case, the total amount of
 60.24 required service credit is the longest service vesting requirement of the relief associations.
 60.25 The member must have one year or more of service credit in each relief association. The
 60.26 prorated service pension must be based on:

60.27 (1) for defined benefit relief associations, the service pension amount in effect for
 60.28 the relief association on the date on which active volunteer firefighting services covered
 60.29 by that relief association terminate; and

60.30 (2) for defined contribution relief associations, the member's individual account
 60.31 balance on the date on which active volunteer firefighting services covered by that relief
 60.32 association terminate.

60.33 (c) To receive a prorated service pension under this subdivision, the firefighter
 60.34 must become a member of the second or succeeding association and must give notice of
 60.35 membership to the prior association within two years of the date of termination of active

61.1 service with the prior association. The second or subsequent relief association secretary
 61.2 must certify the notice.

61.3 **EFFECTIVE DATE.** This section is effective January 1, 2017.

61.4 Sec. 6. Minnesota Statutes 2015 Supplement, section 424A.02, subdivision 3, is
 61.5 amended to read:

61.6 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August
 61.7 1 as part of the certification of the financial requirements and minimum municipal
 61.8 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5,
 61.9 as applicable, the secretary or some other official of the relief association designated in the
 61.10 bylaws of each defined benefit relief association shall calculate and certify to the governing
 61.11 body of the applicable municipality the average amount of available financing per active
 61.12 covered firefighter for the most recent three-year period. The amount of available financing
 61.13 includes any amounts of fire state aid and police and firefighter retirement supplemental
 61.14 state aid received or receivable by the relief association, any amounts of municipal
 61.15 contributions to the relief association raised from levies on real estate or from other
 61.16 available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in
 61.17 excess of the accrued liabilities of the relief association calculated under section 424A.092,
 61.18 subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

61.19 (b) The maximum service pension which the defined benefit relief association has
 61.20 authority to provide for in its bylaws for payment to a member retiring after the calculation
 61.21 date when the minimum age and service requirements specified in subdivision 1 are met
 61.22 must be determined using the table in paragraph (c) or (d), whichever applies.

61.23 (c) For a defined benefit relief association where the governing bylaws provide for
 61.24 a monthly service pension to a retiring member, the maximum monthly service pension
 61.25 amount per month for each year of service credited that may be provided for in the bylaws
 61.26 is the greater of the service pension amount provided for in the bylaws on the date of the
 61.27 calculation of the average amount of the available financing per active covered firefighter
 61.28 or the maximum service pension figure corresponding to the average amount of available
 61.29 financing per active covered firefighter:

61.30	Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
61.33	\$...	\$.25
61.34	41	.50
61.35	81	1.00
61.36	122	1.50

62.1	162	2.00
62.2	203	2.50
62.3	243	3.00
62.4	284	3.50
62.5	324	4.00
62.6	365	4.50
62.7	405	5.00
62.8	486	6.00
62.9	567	7.00
62.10	648	8.00
62.11	729	9.00
62.12	810	10.00
62.13	891	11.00
62.14	972	12.00
62.15	1053	13.00
62.16	1134	14.00
62.17	1215	15.00
62.18	1296	16.00
62.19	1377	17.00
62.20	1458	18.00
62.21	1539	19.00
62.22	1620	20.00
62.23	1701	21.00
62.24	1782	22.00
62.25	1823	22.50
62.26	1863	23.00
62.27	1944	24.00
62.28	2025	25.00
62.29	2106	26.00
62.30	2187	27.00
62.31	2268	28.00
62.32	2349	29.00
62.33	2430	30.00
62.34	2511	31.00
62.35	2592	32.00
62.36	2673	33.00
62.37	2754	34.00
62.38	2834	35.00
62.39	2916	36.00
62.40	2997	37.00
62.41	3078	38.00
62.42	3159	39.00
62.43	3240	40.00

63.1	3321	41.00
63.2	3402	42.00
63.3	3483	43.00
63.4	3564	44.00
63.5	3645	45.00
63.6	3726	46.00
63.7	3807	47.00
63.8	3888	48.00
63.9	3969	49.00
63.10	4050	50.00
63.11	4131	51.00
63.12	4212	52.00
63.13	4293	53.00
63.14	4374	54.00
63.15	4455	55.00
63.16	4536	56.00
63.17	4617	57.00
63.18	4698	58.00
63.19	4779	59.00
63.20	4860	60.00
63.21	4941	61.00
63.22	5022	62.00
63.23	5103	63.00
63.24	5184	64.00
63.25	5265	65.00
63.26	5346	66.00
63.27	5427	67.00
63.28	5508	68.00
63.29	5589	69.00
63.30	5670	70.00
63.31	5751	71.00
63.32	5832	72.00
63.33	5913	73.00
63.34	5994	74.00
63.35	6075	75.00
63.36	6156	76.00
63.37	6237	77.00
63.38	6318	78.00
63.39	6399	79.00
63.40	6480	80.00
63.41	6561	81.00
63.42	6642	82.00
63.43	6723	83.00

64.1	6804	84.00
64.2	6885	85.00
64.3	6966	86.00
64.4	7047	87.00
64.5	7128	88.00
64.6	7209	89.00
64.7	7290	90.00
64.8	7371	91.00
64.9	7452	92.00
64.10	7533	93.00
64.11	7614	94.00
64.12	7695	95.00
64.13	7776	96.00
64.14	7857	97.00
64.15	7938	98.00
64.16	8019	99.00
64.17	8100	100.00
64.18	any amount in excess of	
64.19	8100	100.00

64.20 (d) For a defined benefit relief association in which the governing bylaws provide
64.21 for a lump-sum service pension to a retiring member, the maximum lump-sum service
64.22 pension amount for each year of service credited that may be provided for in the bylaws is
64.23 the greater of the service pension amount provided for in the bylaws on the date of the
64.24 calculation of the average amount of the available financing per active covered firefighter
64.25 or the maximum service pension figure corresponding to the average amount of available
64.26 financing per active covered firefighter for the applicable specified period:

64.27	Minimum Average Amount of Available	Maximum Lump-Sum Service
64.28	Financing per Firefighter	Pension Amount Payable for
64.29		Each Year of Service
64.30	\$...	\$ 10
64.31	11	20
64.32	16	30
64.33	23	40
64.34	27	50
64.35	32	60
64.36	43	80
64.37	54	100
64.38	65	120
64.39	77	140
64.40	86	160
64.41	97	180
64.42	108	200

65.1	131	240
65.2	151	280
65.3	173	320
65.4	194	360
65.5	216	400
65.6	239	440
65.7	259	480
65.8	281	520
65.9	302	560
65.10	324	600
65.11	347	640
65.12	367	680
65.13	389	720
65.14	410	760
65.15	432	800
65.16	486	900
65.17	540	1000
65.18	594	1100
65.19	648	1200
65.20	702	1300
65.21	756	1400
65.22	810	1500
65.23	864	1600
65.24	918	1700
65.25	972	1800
65.26	1026	1900
65.27	1080	2000
65.28	1134	2100
65.29	1188	2200
65.30	1242	2300
65.31	1296	2400
65.32	1350	2500
65.33	1404	2600
65.34	1458	2700
65.35	1512	2800
65.36	1566	2900
65.37	1620	3000
65.38	1672	3100
65.39	1726	3200
65.40	1753	3250
65.41	1780	3300
65.42	1820	3375
65.43	1834	3400

66.1	1888	3500
66.2	1942	3600
66.3	1996	3700
66.4	2023	3750
66.5	2050	3800
66.6	2104	3900
66.7	2158	4000
66.8	2212	4100
66.9	2265	4200
66.10	2319	4300
66.11	2373	4400
66.12	2427	4500
66.13	2481	4600
66.14	2535	4700
66.15	2589	4800
66.16	2643	4900
66.17	2697	5000
66.18	2751	5100
66.19	2805	5200
66.20	2859	5300
66.21	2913	5400
66.22	2967	5500
66.23	3021	5600
66.24	3075	5700
66.25	3129	5800
66.26	3183	5900
66.27	3237	6000
66.28	3291	6100
66.29	3345	6200
66.30	3399	6300
66.31	3453	6400
66.32	3507	6500
66.33	3561	6600
66.34	3615	6700
66.35	3669	6800
66.36	3723	6900
66.37	3777	7000
66.38	3831	7100
66.39	3885	7200
66.40	3939	7300
66.41	3993	7400
66.42	4047	7500
66.43	4101	7600

67.1	4155	7700
67.2	4209	7800
67.3	4263	7900
67.4	4317	8000
67.5	4371	8100
67.6	4425	8200
67.7	4479	8300
67.8	4533	8400
67.9	4587	8500
67.10	4641	8600
67.11	4695	8700
67.12	4749	8800
67.13	4803	8900
67.14	4857	9000
67.15	4911	9100
67.16	4965	9200
67.17	5019	9300
67.18	5073	9400
67.19	5127	9500
67.20	5181	9600
67.21	5235	9700
67.22	5289	9800
67.23	5343	9900
67.24	5397	10,000
67.25	<u>any amount in excess of 5451</u>	<u>10,100</u>
67.26	5397 <u>5505</u>	10,000 <u>10,200</u>
67.27	<u>5559</u>	<u>10,300</u>
67.28	<u>5613</u>	<u>10,400</u>
67.29	<u>5667</u>	<u>10,500</u>
67.30	<u>5721</u>	<u>10,600</u>
67.31	<u>5775</u>	<u>10,700</u>
67.32	<u>5829</u>	<u>10,800</u>
67.33	<u>5883</u>	<u>10,900</u>
67.34	<u>5937</u>	<u>11,000</u>
67.35	<u>5991</u>	<u>11,100</u>
67.36	<u>6045</u>	<u>11,200</u>
67.37	<u>6099</u>	<u>11,300</u>
67.38	<u>6153</u>	<u>11,400</u>
67.39	<u>6207</u>	<u>11,500</u>
67.40	<u>6261</u>	<u>11,600</u>
67.41	<u>6315</u>	<u>11,700</u>
67.42	<u>6369</u>	<u>11,800</u>
67.43	<u>6423</u>	<u>11,900</u>

68.1	<u>6477</u>	<u>12,000</u>
68.2	<u>6531</u>	<u>12,100</u>
68.3	<u>6585</u>	<u>12,200</u>
68.4	<u>6639</u>	<u>12,300</u>
68.5	<u>6693</u>	<u>12,400</u>
68.6	<u>6747</u>	<u>12,500</u>
68.7	<u>6801</u>	<u>12,600</u>
68.8	<u>6855</u>	<u>12,700</u>
68.9	<u>6909</u>	<u>12,800</u>
68.10	<u>6963</u>	<u>12,900</u>
68.11	<u>7017</u>	<u>13,000</u>
68.12	<u>7071</u>	<u>13,100</u>
68.13	<u>7125</u>	<u>13,200</u>
68.14	<u>7179</u>	<u>13,300</u>
68.15	<u>7233</u>	<u>13,400</u>
68.16	<u>7287</u>	<u>13,500</u>
68.17	<u>7341</u>	<u>13,600</u>
68.18	<u>7395</u>	<u>13,700</u>
68.19	<u>7449</u>	<u>13,800</u>
68.20	<u>7503</u>	<u>13,900</u>
68.21	<u>7557</u>	<u>14,000</u>
68.22	<u>7611</u>	<u>14,100</u>
68.23	<u>7665</u>	<u>14,200</u>
68.24	<u>7719</u>	<u>14,300</u>
68.25	<u>7773</u>	<u>14,400</u>
68.26	<u>7827</u>	<u>14,500</u>
68.27	<u>7881</u>	<u>14,600</u>
68.28	<u>7935</u>	<u>14,700</u>
68.29	<u>7989</u>	<u>14,800</u>
68.30	<u>8043</u>	<u>14,900</u>
68.31	<u>8097</u>	<u>15,000</u>
68.32	<u>any amount in excess of 8097</u>	<u>15,000</u>

68.33 (e) For a defined benefit relief association in which the governing bylaws provide
68.34 for a monthly benefit service pension as an alternative form of service pension payment
68.35 to a lump-sum service pension, the maximum service pension amount for each pension
68.36 payment type must be determined using the applicable table contained in this subdivision.

68.37 (f) If a defined benefit relief association establishes a service pension in compliance
68.38 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
68.39 amount of available financing per active covered firefighter is subsequently reduced
68.40 because of a reduction in fire state aid or because of an increase in the number of active
68.41 firefighters, the relief association may continue to provide the prior service pension

69.1 amount specified in its bylaws, but may not increase the service pension amount until
 69.2 the minimum average amount of available financing per firefighter under the table in
 69.3 paragraph (c) or (d), whichever applies, permits.

69.4 (g) No defined benefit relief association is authorized to provide a service pension in
 69.5 an amount greater than the largest applicable flexible service pension maximum amount
 69.6 even if the amount of available financing per firefighter is greater than the financing
 69.7 amount associated with the largest applicable flexible service pension maximum.

69.8 (h) The method of calculating service pensions must be applied uniformly for all
 69.9 years of active service. Credit must be given for all years of active service except for caps
 69.10 on service credit if so provided in the bylaws of the relief association.

69.11 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) For relief associations other than
 69.12 the Eden Prairie volunteer firefighters relief association, this section is effective January
 69.13 1, 2017.

69.14 (b) For the Eden Prairie volunteer firefighters relief association, this section is
 69.15 effective the day after the city council of Eden Prairie and its chief clerical officer timely
 69.16 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and
 69.17 3, or January 1, 2017, whichever is earlier.

69.18 Sec. 7. Minnesota Statutes 2014, section 424B.20, subdivision 4, is amended to read:

69.19 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit
 69.20 legal obligations of the special fund of the volunteer firefighters relief association under
 69.21 subdivision 3, the board of the relief association shall transfer the remaining assets of the
 69.22 special fund, as securities or in cash, as applicable, to the chief financial official of the
 69.23 municipality in which the associated fire department was located if the fire department was
 69.24 a municipal fire department or to the chief financial official of the municipality with the
 69.25 largest population served by the fire department if the fire department was an independent
 69.26 nonprofit firefighting corporation. If the fire department was a joint powers entity, the
 69.27 remaining assets of the special fund shall be transferred to the chief financial official of
 69.28 the municipality designated as the fiscal agent in the joint powers agreement or, if the
 69.29 agreement does not designate a municipality as the fiscal agent, the remaining assets of
 69.30 the special fund shall be transferred to the chief financial official of the municipality with
 69.31 the largest population served by the joint powers fire department. The board shall also
 69.32 compile a schedule of the relief association members to whom a service pension is or will
 69.33 be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or
 69.34 benefit payable based on the applicable bylaws and state law and the service rendered to

70.1 the date of the dissolution, and the date on which the pension or benefit would first be
70.2 payable under the bylaws of the relief association and state law.

70.3 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special
70.4 fund of a volunteer firefighters relief association that is dissolving under this section shall
70.5 establish a separate account in the municipal treasury which must function as a trust fund
70.6 for members of the volunteer firefighters relief association and their beneficiaries to whom
70.7 the volunteer firefighters relief association owes a service pension or other benefit under
70.8 the bylaws of the relief association and state law. Upon proper application, on or after the
70.9 initial date on which the service pension or benefit is payable, the municipal treasurer shall
70.10 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the
70.11 other records of the dissolved relief association. The trust fund under this section must be
70.12 invested and managed consistent with chapter 356A and section 424A.095. Upon payment
70.13 of the last service pension or benefit due and owing, any remaining assets in the trust
70.14 fund cancel to the general fund of the municipality: or, if the fire department was a joint
70.15 powers entity, any remaining assets in the trust fund cancel to the general fund of each
70.16 municipality that was a contracting party to the joint powers agreement as specified in the
70.17 joint powers agreement. If the joint powers agreement does not specify how the remaining
70.18 assets are to be distributed among the contracting parties, each of the contracting parties
70.19 shall receive a pro rata share of the remaining assets based on the proportion of total
70.20 operating contributions each contracting municipality made to the joint powers entity over
70.21 the most recent ten calendar years. If the special fund of the volunteer firefighters relief
70.22 association had an unfunded actuarial accrued liability upon dissolution, the municipality
70.23 is liable for that unfunded actuarial accrued liability. If the fire department was a joint
70.24 powers entity, the contracting municipalities are liable for their share of the unfunded
70.25 actuarial accrued liability as specified in the joint powers agreement. If the joint powers
70.26 agreement does not specify liability for any unfunded actuarial accrued liability, the
70.27 contracting municipalities are liable for their pro rata share of the unfunded actuarial
70.28 accrued liability based on the proportion of total operating contributions each contracting
70.29 municipality made to the joint powers entity over the most recent ten calendar years.

70.30 **EFFECTIVE DATE.** This section is effective January 1, 2017.

70.31 Sec. 8. **EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF**
70.32 **ASSOCIATION SERVICE PENSIONS; RETURN TO ACTIVE SERVICE.**

70.33 (a) Notwithstanding any provision of Minnesota Statutes, section 424A.01,
70.34 subdivision 6, section 424A.02, subdivision 2, or any other provision of law to the
70.35 contrary, if the bylaws of the Eden Prairie volunteer firefighters relief association so

71.1 provide, a former firefighter who has received a lump-sum service pension or is receiving
 71.2 a monthly benefit service pension and returns to active relief association membership
 71.3 under Minnesota Statutes, section 424A.01, subdivision 6, paragraph (b), is entitled to
 71.4 receive an unreduced lump-sum service pension for the resumption service period if the
 71.5 firefighter completes at least three years of active service as an active member of the fire
 71.6 department during the resumption service period and completes at least three years of
 71.7 active membership with the relief association during the resumption service period.

71.8 (b) A lump-sum service pension must be calculated by applying the service pension
 71.9 amount in effect on the date of the firefighter's termination of the resumption service for
 71.10 all years of the resumption service. No firefighter may be paid a service pension more
 71.11 than once for the same period of service. Payment of a lump-sum service pension shall
 71.12 have no effect on the firefighter's previous service pension.

71.13 **EFFECTIVE DATE.** This section is effective the day after the Eden Prairie City
 71.14 Council and its chief clerical officer timely complete their compliance with Minnesota
 71.15 Statutes, section 645.021, subdivisions 2 and 3.

71.16 Sec. 9. **COLERAINE AND BOVEY VOLUNTEER FIREFIGHTERS RELIEF**
 71.17 **ASSOCIATIONS; CONSOLIDATION.**

71.18 Subdivision 1. **Consolidation.** Notwithstanding any provision of Minnesota
 71.19 Statutes, section 424B.02, subdivision 2, paragraph (c), to the contrary, the Coleraine and
 71.20 Bovey volunteer firefighters relief associations are consolidated effective September 1,
 71.21 2016, if all other consolidation requirements are satisfied pursuant to Minnesota Statutes,
 71.22 chapter 424B.

71.23 Subd. 2. **Reporting.** The consolidated relief association created under subdivision
 71.24 1 shall report the number of active firefighter members of the relief association as of
 71.25 September 1, 2016, to the state auditor and to the commissioner of revenue no later
 71.26 than September 7, 2016. The commissioner may use this information to determine and
 71.27 calculate any minimum fire state aid payable under Minnesota Statutes, section 69.021,
 71.28 beginning with aid payable in 2016.

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

71.30 Sec. 10. **REPEALER.**

71.31 Minnesota Statutes 2014, section 424A.02, subdivision 13, is repealed.

71.32 **EFFECTIVE DATE.** This section is effective January 1, 2017.

72.1 **ARTICLE 9**

72.2 **MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

72.3 Section 1. Minnesota Statutes 2014, section 352.113, subdivision 2, is amended to read:

72.4 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a
72.5 total and permanent disability benefit, or someone acting on behalf of the employee upon
72.6 proof of authority satisfactory to the director, shall file a written application for benefits in
72.7 the office of the system on or before the deadline specified in subdivision 4, paragraph (g).

72.8 (b) The application must be in a form and manner prescribed by the executive director.

72.9 (c) The benefit shall begin to accrue the day following the start of disability or the
72.10 day following the last day paid, whichever is later, but not earlier than 180 days before the
72.11 date the application is filed with the director.

72.12 **EFFECTIVE DATE.** This section is effective July 1, 2016.

72.13 Sec. 2. Minnesota Statutes 2014, section 352.113, subdivision 4, is amended to read:

72.14 Subd. 4. **Medical or psychological examinations; authorization for payment of**
72.15 **benefit.** (a) Any physician, psychologist, chiropractor, or physician assistant providing
72.16 any service specified in this section must be licensed.

72.17 (b) An applicant shall provide a detailed report signed by a physician, and at least
72.18 one additional report signed by a physician, chiropractor, psychologist, or physician
72.19 assistant with evidence to support an application for total and permanent disability. The
72.20 reports must include an expert opinion regarding whether the employee is permanently
72.21 and totally disabled within the meaning of section 352.01, subdivision 17, and that the
72.22 disability arose before the employee ~~was placed on any paid or unpaid leave of absence or~~
72.23 terminated public service.

72.24 (c) If there is medical evidence that supports the expectation that at some point
72.25 the person applying for the disability benefit will no longer be disabled, the decision
72.26 granting the disability benefit may provide for a termination date upon which the total and
72.27 permanent disability can be expected to no longer exist. When a termination date is part
72.28 of the decision granting benefits, prior to the benefit termination the executive director
72.29 shall review any evidence provided by the disabled employee to show that the disabling
72.30 condition for which benefits were initially granted continues. If the benefits cease, the
72.31 disabled employee may follow the appeal procedures described in section 356.96 or may
72.32 reapply for disability benefits using the process described in this subdivision.

72.33 (d) Any claim to disability must be supported by a report from the employer
72.34 indicating that there is no available work that the employee can perform with the disabling

73.1 condition and that all reasonable accommodations have been considered. Upon request of
73.2 the executive director, an employer shall provide evidence of the steps the employer has
73.3 taken to attempt to provide reasonable accommodations and continued employment to
73.4 the claimant.

73.5 (e) The director shall also obtain written certification from the employer stating
73.6 whether the employment has ceased or whether the employee is on sick leave of absence
73.7 because of a disability that will prevent further service to the employer and that the
73.8 employee is not entitled to compensation from the employer.

73.9 (f) The medical adviser shall consider the reports of the physicians, physician
73.10 assistants, psychologists, and chiropractors and any other evidence supplied by the
73.11 employee or other interested parties. If the medical adviser finds the employee totally and
73.12 permanently disabled, the adviser shall make appropriate recommendation to the director
73.13 in writing together with the date from which the employee has been totally disabled. The
73.14 director shall then determine if the disability occurred ~~within 18 months of filing the~~
73.15 ~~application, while still in the employment of the state, and the propriety of authorizing~~
73.16 ~~payment of a disability benefit as provided in this section~~ and constitutes a total and
73.17 permanent disability as defined in section 353.01, subdivision 19.

73.18 (g) A terminated employee may apply for a disability benefit within 18 months of
73.19 termination as long as the disability occurred while in the employment of the state. The
73.20 fact that an employee is placed on leave of absence without compensation because of
73.21 disability does not bar that employee from receiving a disability benefit.

73.22 (h) Upon appeal, the board of directors may extend the disability benefit application
73.23 deadline in paragraph (g) by an additional 18 months if the terminated employee is
73.24 determined by the board of directors to have a cognitive impairment that made it unlikely
73.25 that the terminated employee understood that there was an application deadline or that the
73.26 terminated employee was able to meet the application deadline.

73.27 (i) Unless the payment of a disability benefit has terminated because the employee is
73.28 no longer totally disabled, or because the employee has reached normal retirement age as
73.29 provided in this section, the disability benefit must cease with the last payment received
73.30 by the disabled employee or which had accrued during the lifetime of the employee unless
73.31 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
73.32 benefit for the calendar month in which the disabled employee died.

73.33 **EFFECTIVE DATE.** This section is effective July 1, 2016.

74.1

ARTICLE 10

74.2

PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

74.3 Section 1. Minnesota Statutes 2014, section 353.01, subdivision 43, is amended to read:

74.4 Subd. 43. **Line of duty death.** "Line of duty death" means:

74.5 (1) a death that occurs while performing or as a direct result of performing normal or
 74.6 less frequent duties which are specific to protecting the property and personal safety of
 74.7 others and that present inherent dangers that are specific to the positions covered by the
 74.8 public employees police and fire plan-; or

74.9 (2) a death that is determined by the commissioner of public safety to meet the
 74.10 requirements of section 299A.41, subdivision 3.

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

74.12

ARTICLE 11

74.13

GENERALLY APPLICABLE RETIREMENT CHANGES

74.14 Section 1. Minnesota Statutes 2014, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

74.27 (5) for employees other than personnel employed by the Board of Trustees of the
 74.28 Minnesota State Colleges and Universities and covered under the Higher Education
 74.29 Supplemental Retirement Plan under chapter 354C, but including city managers covered
 74.30 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
 74.31 (a), or by the defined contribution plan of the Public Employees Retirement Association
 74.32 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
 74.33 provided for in a personnel policy of the public employer or in the collective bargaining

75.1 agreement between the public employer and the exclusive representative of public
75.2 employees in an appropriate unit or in the individual employment contract between a city
75.3 and a city manager, and if for each available investment all fees and historic rates of return
75.4 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
75.5 easily comprehended document not to exceed two pages, in an amount matching employee
75.6 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
75.7 one-half of the available elective deferral permitted per year per employee, under the
75.8 Internal Revenue Code:

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

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

75.14 (iii) any other deferred compensation plan offered by the employer under section
75.15 457 of the Internal Revenue Code;

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

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

75.28 (8) to the laborers national industrial pension fund or to a laborers local pension fund
75.29 for the employees of a governmental subdivision who are covered by a collective bargaining
75.30 agreement that provides for coverage by that fund and that sets forth a fund contribution
75.31 rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

75.32 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
75.33 pipefitters local pension fund for the employees of a governmental subdivision who are
75.34 covered by a collective bargaining agreement that provides for coverage by that fund and
75.35 that sets forth a fund contribution rate, but not to exceed an employer contribution of
75.36 \$5,000 per year per employee;

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

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

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

76.12 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
 76.13 deferred compensation program, if the employee makes a contribution, in an amount that
 76.14 does not exceed the total percentage of covered salary under section 353.27, subdivisions
 76.15 3 and 3a;

76.16 (14) to the alternative retirement plans established by the Hennepin County Medical
 76.17 Center under section 383B.914, subdivision 5; or

76.18 (15) to the International Brotherhood of Teamsters Central States pension plan for
 76.19 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who
 76.20 are members of the International Brotherhood of Teamsters Local 638 by virtue of that
 76.21 employment.

76.22 **Sec. 2. [356.631] ADDITIONAL SOURCES OF FUNDING.**

76.23 Notwithstanding any other provision of law to the contrary, in addition to all sources
 76.24 of funding described in Minnesota Statutes, section 356.63, paragraphs (a) and (b), any
 76.25 public retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is
 76.26 authorized to accept, at its discretion, for deposit in its fund the following:

76.27 (1) gifts;

76.28 (2) donations;

76.29 (3) bequests; and

76.30 (4) life insurance death benefits.

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

76.32 **Sec. 3. REPEALER.**

76.33 Minnesota Statutes 2014, sections 352.04, subdivision 11; and 353.34, subdivision
 76.34 6, are repealed.

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

77.2 **ARTICLE 12**

77.3 **SMALL GROUP RETIREMENT CHANGES**

77.4 Section 1. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**
 77.5 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

77.6 (a) Notwithstanding any provision of law to the contrary, an eligible person
 77.7 described in paragraph (b) is entitled to purchase prior uncredited service credit under
 77.8 paragraph (c) and, if the service credit purchase is made, to have an effective start date
 77.9 for active retirement plan membership of June 1, 1989, and to retire under Minnesota
 77.10 Statutes, section 352.116, subdivision 1.

77.11 (b) An eligible person is a person who:

77.12 (1) was born on the dates as follows:

<u>employee</u>	<u>birth date</u>
77.14 <u>A</u>	<u>October 2, 1968</u>
77.15 <u>B</u>	<u>June 12, 1965</u>
77.16 <u>C</u>	<u>August 10, 1958</u>
77.17 <u>D</u>	<u>April 29, 1963</u>
77.18 <u>E</u>	<u>April 11, 1955</u>
77.19 <u>F</u>	<u>August 13, 1966</u>
77.20 <u>G</u>	<u>April 22, 1961</u>
77.21 <u>H</u>	<u>December 31, 1958</u>
77.22 <u>I</u>	<u>October 10, 1966</u>
77.23 <u>J</u>	<u>February 4, 1961</u>
77.24 <u>K</u>	<u>August 21, 1963</u>
77.25 <u>L</u>	<u>January 23, 1960</u>
77.26 <u>M</u>	<u>September 19, 1966</u>
77.27 <u>N</u>	<u>November 3, 1961</u>
77.28 <u>O</u>	<u>June 13, 1958</u>
77.29 <u>P</u>	<u>June 23, 1954</u>
77.30 <u>Q</u>	<u>October 20, 1956</u>
77.31 <u>R</u>	<u>July 28, 1955</u>
77.32 <u>S</u>	<u>May 6, 1960</u>
77.33 <u>T</u>	<u>March 19, 1966</u>
77.34 <u>U</u>	<u>August 19, 1966</u>
77.35 <u>V</u>	<u>March 14, 1959</u>

77.36 (2) became an employee of the Minnesota Department of Transportation prior
 77.37 to July 1, 1989, in a position which was not covered by the general state employees
 77.38 retirement plan of the Minnesota State Retirement System;

78.1 (3) was eventually employed as a permanent employee after June 30, 1989, and
 78.2 covered by the general state employees retirement plan of the Minnesota State Retirement
 78.3 System on the dates as follows:

78.4	<u>employee</u>	<u>membership record date</u>
78.5	<u>A</u>	<u>September 27, 1989</u>
78.6	<u>B</u>	<u>September 27, 1989</u>
78.7	<u>C</u>	<u>September 26, 1989</u>
78.8	<u>D</u>	<u>September 27, 1989</u>
78.9	<u>E</u>	<u>September 26, 1989</u>
78.10	<u>F</u>	<u>September 13, 1989</u>
78.11	<u>G</u>	<u>September 1, 1989</u>
78.12	<u>H</u>	<u>September 27, 1989</u>
78.13	<u>I</u>	<u>September 27, 1989</u>
78.14	<u>J</u>	<u>September 13, 1989</u>
78.15	<u>K</u>	<u>September 13, 1989</u>
78.16	<u>L</u>	<u>September 26, 1989</u>
78.17	<u>M</u>	<u>August 30, 1989</u>
78.18	<u>N</u>	<u>September 26, 1989</u>
78.19	<u>O</u>	<u>September 13, 1989</u>
78.20	<u>P</u>	<u>September 27, 1989</u>
78.21	<u>Q</u>	<u>September 27, 1989</u>
78.22	<u>R</u>	<u>September 27, 1989</u>
78.23	<u>S</u>	<u>September 13, 1989</u>
78.24	<u>T</u>	<u>September 13, 1989</u>
78.25	<u>U</u>	<u>September 27, 1989</u>
78.26	<u>V</u>	<u>September 26, 1989</u>

78.27 (4) was sent annual statements by the Minnesota State Retirement System between
 78.28 July 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under
 78.29 Minnesota Statutes, section 352.116, subdivision 1; and

78.30 (5) was sent notification from the Minnesota State Retirement System revising the
 78.31 start date for general state employees retirement plan membership from a date before
 78.32 July 1, 1989, to a date after June 30, 1989, and indicating consequent inapplicability of
 78.33 Minnesota Statutes, section 352.116, subdivision 1.

78.34 (c) An eligible person may purchase allowable service credit in the general state
 78.35 employees retirement plan of the Minnesota State Retirement System by paying an
 78.36 amount equal to the employer contributions and employee contributions that would have
 78.37 been paid from June 1, 1989, to the end of the month prior to the date the employee
 78.38 entered covered service plus interest at the rate of 8.5 percent until June 30, 2015, and
 78.39 eight percent thereafter compounded annually on the combined employer and employee
 78.40 contribution amount from the date the contributions would have been paid to the date the

79.1 Minnesota State Retirement System receives payment for this service credit purchase.

79.2 The payment must be made in a lump sum.

79.3 (d) An eligible person who purchases allowable service credit under paragraph (c)
 79.4 has a June 1, 1989, start date for the purpose of allowable service credited by the general
 79.5 state employees retirement plan of the Minnesota State Retirement System and is eligible
 79.6 for a retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

79.7 (e) Authority to purchase prior uncredited service credit under this section expires
 79.8 on July 1, 2017.

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

79.10 Sec. 2. **PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST.**
 79.11 **CLOUD STATE UNIVERSITY EMPLOYEE.**

79.12 (a) Notwithstanding any provision of law to the contrary, an eligible person described
 79.13 in paragraph (b) is entitled to purchase from the general employees retirement plan of the
 79.14 Public Employees Retirement Association allowable service credit under Minnesota
 79.15 Statutes, section 353.01, subdivision 16, for the period of service described in paragraph (c).

79.16 (b) An eligible person is a person who:

79.17 (1) was born on September 1, 1960;

79.18 (2) was an employee of St. Cloud State University on March 14, 2016;

79.19 (3) was a member of the general employees retirement plan of the Public Employees
 79.20 Retirement Association on March 14, 2016;

79.21 (4) was employed by St. Cloud Technical College on April 1, 1993, and was a
 79.22 member of the general employees retirement plan of the Public Employees Retirement
 79.23 Association; and

79.24 (5) changed employment within St. Cloud State University on February 22, 2006,
 79.25 and was erroneously placed into the higher education individual retirement account
 79.26 plan from February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and
 79.27 Universities system.

79.28 (c) The period of uncredited service authorized for purchase is the period of February
 79.29 22, 2006, until May 10, 2011, during which time the eligible person was erroneously
 79.30 placed into and contributed to the higher education individual retirement account plan.

79.31 (d) The eligible person's member contributions to the higher education individual
 79.32 retirement account plan must be transferred to the Public Employees Retirement
 79.33 Association with any earned investment returns on those contributions. The eligible
 79.34 person must pay the member contributions that the eligible person would have made to
 79.35 the Public Employees Retirement Association on the eligible person's compensation from

80.1 the Minnesota State Colleges and Universities system for the period of service described
 80.2 in paragraph (c) as if the person had been covered by the Public Employees Retirement
 80.3 Association during the period, plus annual compound interest on that amount at the rate
 80.4 of 8.5 percent from February 22, 2006, until June 30, 2015, and eight percent from July
 80.5 1, 2015, until the date on which payment is made to the Public Employees Retirement
 80.6 Association, less the transferred member contributions and investment earnings.

80.7 (e) Upon transfer of the equivalent member contribution amount and any additional
 80.8 payments under paragraph (d), the balance of the eligible person's higher education
 80.9 individual retirement account plan account must be transferred to the Public Employees
 80.10 Retirement Association within 60 days following the receipt of the eligible person's
 80.11 payment under paragraph (d).

80.12 (f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota
 80.13 State Colleges and Universities system shall pay the prior service credit purchase payment
 80.14 amount calculated under Minnesota Statutes, section 356.551, less any amounts received
 80.15 under paragraphs (d) and (e), within 60 days following the receipt of the eligible person's
 80.16 payment under paragraph (d).

80.17 (g) Upon the transfers and payments under paragraph (f), the eligible person must be
 80.18 credited by the Public Employees Retirement Association with allowable service credit
 80.19 for Minnesota State Colleges and Universities System employment from February 22,
 80.20 2006, until May 10, 2011.

80.21 (h) Authority to make a service credit purchase under this section expires January
 80.22 1, 2017.

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

80.24 **Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**
 80.25 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

80.26 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B,
 80.27 to the contrary, an eligible person described in paragraph (b) is eligible to become a
 80.28 coordinated member of the Teachers Retirement Association and to purchase service
 80.29 and salary credit in the Teachers Retirement Association coordinated plan retroactively
 80.30 from July 1, 2001, upon repaying a member contribution refund taken from the general
 80.31 employees retirement plan of the Public Employees Retirement Association under
 80.32 paragraph (c), upon making an election under paragraph (e), and upon making all required
 80.33 payments under paragraphs (f) and (g).

80.34 (b) An eligible person is a person who:

80.35 (1) was born April 4, 1956;

81.1 (2) was employed by a governmental subdivision in 1995, with retirement coverage
81.2 in the general employees retirement plan of the Public Employees Retirement Association,
81.3 for which a refund of member contributions and interest was taken before 2001;

81.4 (3) was employed by St. Cloud State University in the late 1990s, with retirement
81.5 coverage in the general state employees retirement plan of the Minnesota State Retirement
81.6 System;

81.7 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001,
81.8 with retirement coverage in the higher education individual retirement account plan; and

81.9 (5) was not informed of the option to elect Teachers Retirement Association
81.10 coverage in the coverage election authorized by Minnesota Statutes 2001, section
81.11 354B.21, so remained in the higher education individual retirement account plan.

81.12 (c) The refund repayment required by Minnesota Statutes, section 356.551,
81.13 subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35,
81.14 subdivision 1, paragraph (c).

81.15 (d) Authority to repay a refund under this section expires January 1, 2017.

81.16 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
81.17 person must submit a written application to the executive director of the Teachers
81.18 Retirement Association on a form provided by the Teachers Retirement Association. The
81.19 application must include all documentation of the applicability of this section and any
81.20 other relevant information that the executive director may require. Teachers Retirement
81.21 Association plan membership commences after the date of the retirement coverage
81.22 election under this section and past salary and service credit is granted for past Minnesota
81.23 State Colleges and Universities system employment from July 1, 2001, until the executive
81.24 director receives the written application specified in this paragraph and receipts of the
81.25 payments specified in paragraphs (c), (f), and (g). Coverage by the Teachers Retirement
81.26 Association is in lieu of coverage by the individual retirement account plan.

81.27 (f) If the eligible person makes the retirement coverage election under paragraph (e),
81.28 the eligible person's member contributions to the higher education individual retirement
81.29 account plan must be transferred to the Teachers Retirement Association with any earned
81.30 investment returns on those contributions. If the transferred member contributions and
81.31 investment earnings are less than the calculated amount of the member contributions
81.32 that the eligible person would have made to the Teachers Retirement Association on
81.33 the eligible person's compensation from the Minnesota State Colleges and Universities
81.34 system for the period from July 1, 2001, to the date of the retirement coverage election if
81.35 the person had been covered by the Teachers Retirement Association during the period,
81.36 plus annual compound interest at the rate of 8.5 percent, then the eligible person shall

82.1 pay the balance of that calculated member contribution obligation within 30 days of
 82.2 the retirement coverage election.

82.3 (g) Upon the transfer of the equivalent member contribution amount and any
 82.4 additional payment under paragraph (f), the balance of the eligible person's higher
 82.5 education individual retirement account plan account must be transferred to the Teachers
 82.6 Retirement Association. If the amounts under paragraph (f) and the individual retirement
 82.7 account plan balance under this paragraph are less than the prior service credit purchase
 82.8 payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota
 82.9 State Colleges and Universities system shall pay the difference within 60 days of the
 82.10 retirement election date.

82.11 (h) The authority to make a retirement coverage election under this section expires
 82.12 January 1, 2017.

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

82.14 Sec. 4. **TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY**
 82.15 **AND TECHNICAL COLLEGE FACULTY MEMBERS.**

82.16 (a) Notwithstanding any provision of law to the contrary, an eligible person
 82.17 described in paragraph (b) is authorized to become a coordinated member of the Teachers
 82.18 Retirement Association and to purchase service and salary credit in the Teachers
 82.19 Retirement Association coordinated plan retroactive from July 19, 2000, or September 15,
 82.20 2000, whichever is applicable, upon making an election under paragraph (c) and upon
 82.21 making all required payments under paragraphs (d) and (e).

82.22 (b) An eligible person is a person who:

82.23 (1) either:

82.24 (i) was born on September 25, 1964, and has been employed at Mesabi Range
 82.25 Community and Technical College and a contributing member of the higher education
 82.26 individual retirement account plan since July 19, 2000; or

82.27 (ii) was born on October 15, 1963, and has been employed at Mesabi Range
 82.28 Community and Technical College and a contributing member of the higher education
 82.29 individual retirement account plan since September 15, 2000;

82.30 (2) was classified in the unlimited full-time category on August 21, 2012;

82.31 (3) became eligible for an election of Teachers Retirement Association coverage
 82.32 under Laws 2009, chapter 169, article 6, section 1; and

82.33 (4) was not offered an election of Teachers Retirement Association coverage by the
 82.34 Minnesota State Colleges and Universities system.

83.1 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
83.2 person must submit a written application to the executive director of the Teachers
83.3 Retirement Association on a form provided by the Teachers Retirement Association. The
83.4 application must include all documentation of the applicability of this section and any
83.5 other relevant information that the executive director may require. Teachers Retirement
83.6 Association plan membership commences after the date of the retirement coverage
83.7 election under this section and past salary and service credit is granted for past Minnesota
83.8 State Colleges and Universities system employment from July 19, 2000, or September 15,
83.9 2000, whichever is applicable, until the executive director receives the written application
83.10 specified in this paragraph and receipts of the payments specified in paragraphs (d) and
83.11 (e). Coverage by the Teachers Retirement Association is in lieu of coverage by the
83.12 individual retirement account plan.

83.13 (d) If the eligible person makes the retirement coverage election under paragraph (c),
83.14 the eligible person shall make a contribution to the Teachers Retirement Association equal
83.15 to the excess, if any, of the employee contributions that the eligible person would have
83.16 made if the Teachers Retirement Association had provided coverage from July 19, 2000, or
83.17 September 15, 2000, whichever is applicable, rather than the individual retirement account
83.18 plan. These additional contribution amounts shall include 8.5 percent annual compound
83.19 interest computed from the date the contribution would have been made if deducted from
83.20 salary until paid. The total amount to be paid under this paragraph shall be determined by
83.21 the executive director of the Teachers Retirement Association and written notification of
83.22 the amount required under this paragraph must be transmitted to the eligible person.

83.23 (e) If payment is made under paragraph (d), the value of the applicable eligible
83.24 person's higher education individual retirement account plan account shall be transferred
83.25 to the Teachers Retirement Association.

83.26 (f) The Teachers Retirement Association shall determine the required purchase
83.27 payment amount calculated under Minnesota Statutes, section 356.551, imposed upon
83.28 the Teachers Retirement Association under this section due to the salary and service
83.29 credit purchase.

83.30 (g) From the total amount computed under paragraph (f), the executive director of
83.31 the Teachers Retirement Association shall subtract the amounts received under paragraphs
83.32 (d) and (e). The Minnesota State Colleges and Universities system must transmit the
83.33 remaining amount, if any, to the executive director of the Teachers Retirement Association
83.34 within 60 days following the receipt of the payments under paragraphs (d) and (e).

83.35 (h) The authority to make a retirement coverage election under this section expires
83.36 on January 1, 2017.

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

84.2 **ARTICLE 13**

84.3 **TECHNICAL CORRECTIONS**

84.4 Section 1. Minnesota Statutes 2015 Supplement, section 353.01, subdivision 16,
84.5 is amended to read:

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

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

84.11 (2) periods of service covered by payments in lieu of salary deductions under
84.12 sections 353.27, subdivisions 12 and 12a, and 353.35;

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

84.16 (4) a period of authorized leave of absence during which the employee receives pay
84.17 as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
84.18 employee contributions are made, deposited, and credited to the fund;

84.19 (5) a period of authorized leave of absence without pay, or with pay that is not
84.20 included in the definition of salary under subdivision 10, paragraph (a), clause (4) or
84.21 (5), for which salary deductions are not authorized, and for which a member obtained
84.22 service credit for up to 12 months of the authorized leave period by payment under section
84.23 ~~353.0161~~ or 353.0162, to the fund made in place of salary deductions;

84.24 (6) a periodic, repetitive leave that is offered to all employees of a governmental
84.25 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
84.26 as certified to the association by the employer. A participating member obtains service
84.27 credit by making employee contributions in an amount or amounts based on the member's
84.28 average salary, excluding overtime pay, that would have been paid if the leave had not
84.29 been taken. The employer shall pay the employer and additional employer contributions
84.30 on behalf of the participating member. The employee and the employer are responsible
84.31 to pay interest on their respective shares at the rate of 8.5 percent until June 30, 2015,
84.32 and eight percent thereafter, compounded annually, from the end of the normal cycle
84.33 until full payment is made. An employer shall also make the employer and additional
84.34 employer contributions, plus 8.5 percent interest until June 30, 2015, and eight percent
84.35 interest thereafter, compounded annually, on behalf of an employee who makes employee

85.1 contributions but terminates public service. The employee contributions must be made
85.2 within one year after the end of the annual normal working cycle or within 30 days after
85.3 termination of public service, whichever is sooner. The executive director shall prescribe
85.4 the manner and forms to be used by a governmental subdivision in administering a
85.5 periodic, repetitive leave. Upon payment, the member must be granted allowable service
85.6 credit for the purchased period;

85.7 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
85.8 months allowable service per authorized temporary or seasonal layoff in one calendar year.
85.9 An employee who has received the maximum service credit allowed for an authorized
85.10 temporary or seasonal layoff must return to public service and must obtain a minimum of
85.11 three months of allowable service subsequent to the layoff in order to receive allowable
85.12 service for a subsequent authorized temporary or seasonal layoff;

85.13 (8) a period during which a member is absent from employment by a governmental
85.14 subdivision by reason of service in the uniformed services, as defined in United States
85.15 Code, title 38, section 4303(13), if the member returns to public service with the same
85.16 governmental subdivision upon discharge from service in the uniformed service within the
85.17 time frames required under United States Code, title 38, section 4312(e), provided that
85.18 the member did not separate from uniformed service with a dishonorable or bad conduct
85.19 discharge or under other than honorable conditions. The service must be credited if the
85.20 member pays into the fund equivalent employee contributions based upon the contribution
85.21 rate or rates in effect at the time that the uniformed service was performed multiplied by
85.22 the full and fractional years being purchased and applied to the annual salary rate. The
85.23 annual salary rate is the average annual salary during the purchase period that the member
85.24 would have received if the member had continued to be employed in covered employment
85.25 rather than to provide uniformed service, or, if the determination of that rate is not
85.26 reasonably certain, the annual salary rate is the member's average salary rate during the
85.27 12-month period of covered employment rendered immediately preceding the period of the
85.28 uniformed service. Payment of the member equivalent contributions must be made during
85.29 a period that begins with the date on which the individual returns to public employment
85.30 and that is three times the length of the military leave period, or within five years of the
85.31 date of discharge from the military service, whichever is less. If the determined payment
85.32 period is less than one year, the contributions required under this clause to receive service
85.33 credit may be made within one year of the discharge date. Payment may not be accepted
85.34 following 30 days after termination of public service under subdivision 11a. If the member
85.35 equivalent contributions provided for in this clause are not paid in full, the member's
85.36 allowable service credit must be prorated by multiplying the full and fractional number

86.1 of years of uniformed service eligible for purchase by the ratio obtained by dividing
 86.2 the total member contributions received by the total member contributions otherwise
 86.3 required under this clause. The equivalent employer contribution, and, if applicable, the
 86.4 equivalent additional employer contribution must be paid by the governmental subdivision
 86.5 employing the member if the member makes the equivalent employee contributions. The
 86.6 employer payments must be made from funds available to the employing unit, using the
 86.7 employer and additional employer contribution rate or rates in effect at the time that the
 86.8 uniformed service was performed, applied to the same annual salary rate or rates used to
 86.9 compute the equivalent member contribution. The governmental subdivision involved
 86.10 may appropriate money for those payments. The amount of service credit obtainable
 86.11 under this section may not exceed five years unless a longer purchase period is required
 86.12 under United States Code, title 38, section 4312. The employing unit shall pay interest
 86.13 on all equivalent member and employer contribution amounts payable under this clause.
 86.14 Interest must be computed at the rate of 8.5 percent until June 30, 2015, and eight percent
 86.15 thereafter, compounded annually, from the end of each fiscal year of the leave or the break
 86.16 in service to the end of the month in which the payment is received. Upon payment, the
 86.17 employee must be granted allowable service credit for the purchased period; or

86.18 (9) a period specified under section 353.0162.

86.19 (b) No member may receive more than 12 months of allowable service credit in a
 86.20 year either for vesting purposes or for benefit calculation purposes.

86.21 (c) For an active member who was an active member of the former Minneapolis
 86.22 Firefighters Relief Association on December 29, 2011, "allowable service" is the period
 86.23 of service credited by the Minneapolis Firefighters Relief Association as reflected in
 86.24 the transferred records of the association up to December 30, 2011, and the period
 86.25 of service credited under paragraph (a), clause (1), after December 30, 2011. For an
 86.26 active member who was an active member of the former Minneapolis Police Relief
 86.27 Association on December 29, 2011, "allowable service" is the period of service credited
 86.28 by the Minneapolis Police Relief Association as reflected in the transferred records of the
 86.29 association up to December 30, 2011, and the period of service credited under paragraph
 86.30 (a), clause (1), after December 30, 2011.

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

86.32 Sec. 2. Minnesota Statutes 2014, section 353.012, is amended to read:

86.33 **353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH**
 86.34 **SERVICE AND SALARY CREDIT.**

87.1 A furloughed employee of the University of Minnesota who is a member of the
 87.2 public employees police and fire plan may obtain allowable service and salary credit
 87.3 for the furlough period. The allowable service and salary credit authorization is a leave
 87.4 of absence authorization for purposes of section ~~353.0161~~ and the purchase payment
 87.5 procedure of section ~~353.0161~~, subdivision 2, applies 353.0162.

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

87.7 Sec. 3. Minnesota Statutes 2014, section 353.32, subdivision 4, is amended to read:

87.8 Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies
 87.9 without having designated a beneficiary or if the beneficiary should die before making
 87.10 application for refund, and if there is no surviving spouse, and if the legal representative of
 87.11 such member or former member does not apply for refund within five years from the date
 87.12 of death of the member or former member, the accumulated deductions to the member or
 87.13 former member's credit at the time of death shall be disposed of in the manner provided
 87.14 in section ~~353.34~~, subdivision ~~6~~ 356.631.

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

87.16 Sec. 4. Minnesota Statutes 2014, section 354A.011, subdivision 29, is amended to read:

87.17 Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a
 87.18 nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association
 87.19 coordinated member program administered by a teachers retirement fund association by
 87.20 having credit for sufficient allowable service under paragraph (b) or (c), whichever applies
 87.21 when the teacher has accrued credit for at least three years of allowable service.

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

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

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

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

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

88.1 Sec. 5. Minnesota Statutes 2014, section 354A.095, is amended to read:

88.2 **354A.095 PARENTAL AND MATERNITY LEAVE.**

88.3 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
88.4 ~~and new coordinated members of the Duluth Teachers Retirement Fund Association,~~
88.5 who are granted parental or maternity leave of absence by the employing authority, are
88.6 entitled to obtain service credit not to exceed one year for the period of leave upon
88.7 payment to the applicable fund by the end of the fiscal year following the fiscal year in
88.8 which the leave of absence terminated. The amount of the payment must include the total
88.9 required employee and employer contributions for the period of leave prescribed in section
88.10 354A.12. Payment must be based on the member's average monthly salary rate upon
88.11 return to teaching service, and is payable without interest. Payment must be accompanied
88.12 by a certified or otherwise adequate copy of the resolution or action of the employing
88.13 authority granting or approving the leave.

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

88.15 Sec. 6. Minnesota Statutes 2014, section 354A.35, subdivision 2, is amended to read:

88.16 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a)

88.17 The surviving spouse of a vested coordinated member who dies prior to retirement may
88.18 elect to receive, instead of a refund with interest under subdivision 1, an annuity equal
88.19 to the 100 percent joint and survivor annuity the member could have qualified for had
88.20 the member terminated service on the date of death. The surviving spouse eligible for
88.21 a surviving spouse benefit under this paragraph may apply for the annuity at any time
88.22 after the date on which the deceased employee would have attained the required age for
88.23 retirement based on the employee's allowable service. A surviving spouse eligible for
88.24 surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time
88.25 after the member's death. The member's surviving spouse shall be paid a joint and survivor
88.26 annuity under section 354A.32 and computed under section 354A.31.

88.27 (b) If the member was under age 55 and has credit for at least 30 years of allowable
88.28 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
88.29 and survivor annuity based on the age of the member and surviving spouse on the date
88.30 of death. The annuity is payable using the full early retirement reduction under section
88.31 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement
88.32 reduction from age 55 to the age payment begins.

88.33 ~~(c) If a vested member of the Duluth Teachers Retirement Fund Association was~~
88.34 ~~under age 55 on the date of death but did not yet qualify for retirement, the surviving~~

89.1 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
 89.2 of the member and the survivor at the time of death. The annuity is payable using the
 89.3 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
 89.4 one-half of the early retirement reduction from age 55 to the date payment begins.

89.5 ~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association
 89.6 was under age 55 on the date of death but did not yet qualify for retirement, the surviving
 89.7 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
 89.8 of the member and the survivor at the time of death. The annuity is payable using the
 89.9 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
 89.10 one-half of the actuarial equivalent reduction from age 55 to the date payment begins.
 89.11 The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial
 89.12 equivalent of the annuity that would be payable to the member if the member deferred
 89.13 receipt of the annuity and the annuity amount were augmented at an annual rate of 2.5
 89.14 percent compounded annually from the day the annuity begins to accrue until the normal
 89.15 retirement age.

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

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

89.21 Sec. 7. **REPEALER.**

89.22 (a) Minnesota Statutes 2014, sections 354A.12, subdivision 2c; 354A.31, subdivision
 89.23 3; and 356.47, subdivision 1, are repealed.

89.24 (b) Minnesota Statutes 2015 Supplement, section 354A.12, subdivision 3c, is
 89.25 repealed.

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

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ARTICLE 5	ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATIONADMINISTRATIVE PROVISIONS	Page.Ln 35.23
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352.04 STATE EMPLOYEES RETIREMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 11. **Gifts and bequests.** The director may credit to the retirement fund any money received in the form of donations, gifts, appropriations, bequests, or otherwise, or derived from it.

353.0161 AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (5), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

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 the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter 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 must be made before the date the person terminates public service under section 353.01, subdivision 11a.

Subd. 3. **Restriction on subsequent purchases.** To purchase salary credit or service credit for a subsequent authorized leave of absence period, the member must return to public service and render a minimum of three months of allowable service credit.

353.34 RIGHTS UPON TERMINATION OF MEMBERSHIP.

Subd. 6. **Additions to fund.** The board of trustees may credit to the general employees retirement fund any money received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise.

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 2c. **Duluth Teachers Retirement Fund Association; employer contributions for reemployed annuitants.** The school district shall make the regular employer contributions and additional employer contributions specified in subdivision 2a on behalf of any retired member of the Duluth Teachers Retirement Fund Association who is reemployed by Independent School District No. 709, including providing service to the school district as an independent contractor or as an employee of an independent contractor.

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the actuarial value of 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 the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association 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

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actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

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

Subd. 8. **Calculation of postretirement adjustments; percentage based.** (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 two most recent actuarial valuations 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 after January 1 of the calendar year immediately before the postretirement increase is applied, the amount determined under paragraph (a) must be reduced by 50 percent.

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

(d) If, following a postretirement increase under paragraph (a), the accrued liability funding ratio, based on the actuarial value of assets, falls below 80 percent for two consecutive actuarial valuations, the applicable postretirement increase must be reduced to one percent until January 1 of the calendar year next following the date on which the requirements for an increase under paragraph (a) are again satisfied.

Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies if the requirements of subdivision 8, paragraph (c), have been satisfied.

(b) A percentage adjustment must be paid under this subdivision to eligible persons under subdivision 7.

(c) The amount of 2.5 percent 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 after January 1 of the calendar year immediately before the postretirement adjustment is applied, the postretirement adjustment amount must be reduced by 50 percent.

(d) In the event the accrued liability funding ratio based on the actuarial value of assets falls below 90 percent for two consecutive actuarial valuations, the applicable postretirement increase must be determined under subdivision 8 until January 1 of the calendar year next following the date on which the requirements of subdivision 8, paragraph (c), are again satisfied.

354A.31 COORDINATED PROGRAM RETIREMENT BENEFITS.

Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the calendar year in which the person's salary from the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

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(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity deferral must be handled or disposed of as provided in section 356.47.

(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers Retirement Fund Association member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the Duluth Teachers Retirement Fund Association fund.

(f) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul Teachers Retirement Fund Association basic or coordinated program member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

(g) For the purpose of this subdivision, salary from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

(h) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement salary as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

356.415 POSTRETIREMENT ADJUSTMENTS; STATEWIDE RETIREMENT PLANS.

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, 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 as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, 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.

(b) 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.

356.47 DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or 354.44, subdivision 5.

(b) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the Duluth Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.

(c) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.

356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.

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

Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The annual additions on behalf of a member to a defined contribution plan for any limitation year shall not exceed the applicable limitation on annual additions under section 415(c) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code.

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

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

356.96 PENSION PLAN APPEAL PROCEDURES.

Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and requirements under this section, a person who believes that the person's rights have been affected by a decision made by the administration of a covered pension plan may request a review under this section by the appropriate governing board. The petition under this subdivision must be made within 45 days of the time that the person knew or should have known of the disputed decision.

Subd. 15. **Governing board review panel.** Any covered pension plan subject to this section, by motion duly made and adopted, may appoint a panel of governing board members to hear and determine any or all petitions brought under this section. The governing board review panel must contain a minimum number of board members that would otherwise constitute a quorum of board members under the governing body's rules and procedures.

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws of the defined benefit relief associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one defined benefit volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total amount of service credit of ten years or more, if the bylaws of every affected relief association do not specify only a five-year service vesting requirement, or five years or more, if the bylaws of every affected relief association require only a five-year service vesting requirement, as a member of two or more relief associations otherwise qualified. The member must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent relief association secretary.