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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1889

03/05/2025 Authored by Lillie and O'Driscoll
The bill was read for the first time and referred to the Committee on State Government Finance and Policy
04/07/2025 Adoption of Report: Re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to retirement; making administrative changes to statutes governing the
1.3 retirement plans administered by the Minnesota State Retirement System; making
1.4 conforming changes to vesting requirements for deferred retirement annuities;
1.5 modifying the annual reporting requirement for plan operational and other errors;
1.6 requiring reports; amending Minnesota Statutes 2024, sections 352.22, subdivisions
1.7 2b, 3; 356.636, subdivision 3.

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

1.9 Section 1. Minnesota Statutes 2024, section 352.22, subdivision 2b, is amended to read:

1.10 Subd. 2b. Refund repayment. Any person who has received a refund from the state
1.11 employees retirement plan or the correctional state employees retirement plan, and who is
1.12 a member of any of the retirement plans specified in section 356.311, paragraph (b), may
1.13 repay the refund with interest to the state employees retirement plan from which the refund
1.14 was paid. If a refund is repaid to the plan and more than one refund has been received from
1.15 the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23,
1.16 and under terms and conditions consistent with that section as agreed upon with the director.

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

1.18 Sec. 2. Minnesota Statutes 2024, section 352.22, subdivision 3, is amended to read:

1.19 Subd. 3. Deferred annuity. (a) After separation from state service, an employee who
1.20 has at least three years of allowable service if employed before July 1, 2010, or who has at
1.21 least five years of allowable service if employed after June 30, 2010, when termination
1.22 occurs may elect to leave the employee's accumulated contributions in the retirement fund
1.23 and thereby be entitled to a deferred retirement annuity: if the employee:

2.1 (1) is a member of the state employees retirement plan and satisfies the allowable service
 2.2 requirement under section 352.115, subdivision 1, applicable to the employee; or

2.3 (2) is a member of the correctional state employees retirement plan and satisfies the
 2.4 allowable service requirement under section 352.925 applicable to the employee.

2.5 (b) The annuity must be computed under the law in effect when the employee separates
 2.6 from state service terminated, on the basis of the allowable service credited to the person
 2.7 before the termination of separation from state service.

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

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

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

2.21 ~~(e)~~ (f) Deferred annuities must be augmented as provided in subdivision 3a.

2.22 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2023.

2.23 Sec. 3. Minnesota Statutes 2024, section 356.636, subdivision 3, is amended to read:

2.24 Subd. 3. **Annual report.** (a) The executive director of each pension fund must submit
 2.25 a report annually, no later than each February 1, to the chair and executive director of the
 2.26 Legislative Commission on Pensions and Retirement on whether the executive director of
 2.27 the pension fund corrected any no later than each February 1. The report must describe each
 2.28 operational, demographic, employer or employee eligibility, or plan document error corrected
 2.29 under subdivision 2 during the preceding calendar year-, other than:

2.30 (1) an error corrected in the ordinary course of business; and

2.31 (2) correction authorized by current law, including but not limited to correction authorized
 2.32 under sections 352.04, 353.27, 354.42, 356.401, and 356.637.

3.1 (b) The report must describe the error, the pension or retirement plan affected by the
3.2 error, the method of correction, and the cost, if any, to the pension or retirement plan,
3.3 employee, or employer of the error and correction.

3.4 (c) An error is corrected in the ordinary course of business if it is a correction or
3.5 cancellation of an overpayment or an adjustment of an ongoing annuity amount.

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