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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2237

03/12/2025 Authored by O'Driscoll, Lillie and Warwas The bill was read for the first time and referred to the Committee on State Government Finance and Policy

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System; increasing the multiplier
1.3 used to calculate the annuity amount for the general state employees retirement
1.4 plan; increasing the postretirement adjustment for the general state employees
1.5 retirement plan, the legislators retirement plan, and the unclassified state employees
1.6 retirement program; amending Minnesota Statutes 2024, sections 352.115,
1.7 subdivision 3; 356.415, subdivision 1.

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

1.9 Section 1. Minnesota Statutes 2024, section 352.115, subdivision 3, is amended to read:

1.10 Subd. 3. Retirement annuity formula. (a) This paragraph, in conjunction with section
1.11 352.116, subdivision 1, applies to a person who became a covered employee or a member
1.12 of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless
1.13 paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity
1.14 amount, in which case paragraph (b) applies.

1.15 (1) If the employee does not have allowable service after June 30, 2025, the employee's
1.16 retirement annuity is equal to the employee's average salary, as defined in section 352.01,
1.17 subdivision 14a, multiplied by 1.2 percent per year of allowable service for the first ten
1.18 years and 1.7 percent for each later year of allowable service and pro rata for completed
1.19 months less than a full year determines the amount of the retirement annuity to which the
1.20 employee is entitled.

1.21 (2) If the employee has allowable service after June 30, 2025, the employee's retirement
1.22 annuity is equal to the employee's average salary multiplied by 1.2 percent per year of
1.23 allowable service for the first ten years and 1.7 percent for each later year of allowable

2.1 service through June 30, 2025, and 1.9 percent for each year of allowable service after June
 2.2 30, 2025, and pro rata for completed months less than a full year.

2.3 (b) This paragraph applies to a person who has become at least 55 years old and first
 2.4 became a covered employee after June 30, 1989, and to any other covered employee who
 2.5 has become at least 55 years old and whose annuity amount, when calculated under this
 2.6 paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when
 2.7 calculated under paragraph (a), in conjunction with section 352.116, subdivision 1.

2.8 (1) If the employee does not have allowable service after June 30, 2025, the employee's
 2.9 retirement annuity is equal to the employee's average salary, as defined in section 352.01,
 2.10 subdivision 14a, multiplied by 1.7 percent for each year of allowable service and pro rata
 2.11 for completed months less than a full year determines the amount of the retirement annuity
 2.12 to which the employee is entitled.

2.13 (2) If the employee has allowable service after June 30, 2025, the employee's retirement
 2.14 annuity is equal to the employee's average salary multiplied by 1.7 percent for each year of
 2.15 allowable service through June 30, 2025, and 1.9 percent for each year of allowable service
 2.16 after June 30, 2025, and pro rata for completed months less than a full year.

2.17 **EFFECTIVE DATE.** This section is effective July 1, 2025.

2.18 Sec. 2. Minnesota Statutes 2024, section 356.415, subdivision 1, is amended to read:

2.19 Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement**
 2.20 **System general state employees retirement plan, legislators retirement plan, and**
 2.21 **unclassified state employees retirement program.** (a) Recipients of a retirement annuity,
 2.22 disability benefit, or survivor benefit from the general state employees retirement plan, the
 2.23 legislators retirement plan, or the unclassified state employees retirement program are
 2.24 entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

2.25 ~~(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of~~
 2.26 ~~one percent must be applied each year to the amount of the monthly annuity or benefit of~~
 2.27 ~~each annuitant or benefit recipient who has been receiving an annuity or a benefit for at~~
 2.28 ~~least 12 full months as of the June 30 of the calendar year immediately before the adjustment;~~

2.29 ~~(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit~~
 2.30 ~~recipient who has been receiving an annuity or a benefit for at least one full month, but less~~
 2.31 ~~than 12 full months as of the June 30 of the calendar year immediately before the adjustment,~~
 2.32 ~~a postretirement increase of 1/12 of one percent for each month that the person has been~~

3.1 ~~receiving an annuity or benefit must be applied to the amount of the monthly annuity or~~
3.2 ~~benefit of the annuitant or benefit recipient;~~

3.3 ~~(3)~~ (1) effective January 1, ~~2024~~ 2026, and thereafter, a postretirement increase of ~~1.5~~
3.4 1.75 percent must be applied each year to the amount of the monthly annuity or benefit of
3.5 each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
3.6 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;
3.7 and

3.8 ~~(4)~~ (2) effective January 1, ~~2024~~ 2026, and thereafter, for each annuitant or benefit
3.9 recipient who has been receiving an annuity or a benefit for at least one full month, but less
3.10 than 12 full months as of the June 30 of the calendar year immediately before the adjustment,
3.11 an annual postretirement increase of 1/12 of ~~1.5~~ 1.75 percent for each month that the person
3.12 has been receiving an annuity or benefit must be applied to the amount of the monthly
3.13 annuity or benefit of the annuitant or benefit recipient.

3.14 (b) An increase in annuity or benefit payments under this subdivision must be made
3.15 automatically unless written notice is filed by the annuitant or benefit recipient with the
3.16 executive director of the ~~covered~~ Minnesota State Retirement plan System requesting that
3.17 the increase not be made.

3.18 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
3.19 on or after January 1, 2026.