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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4074

- 03/09/2026 Authored by Lillie
The bill was read for the first time and referred to the Committee on State Government Finance and Policy
- 04/20/2026 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 05/11/2026 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 05/12/2026 By motion, pursuant to Rule 1.21, be placed on the Calendar for the Day

1.1 A bill for an act

1.2 relating to retirement; Minnesota State Retirement System; making administrative

1.3 and technical changes; Public Employees Retirement Association local government

1.4 correctional service retirement plan; reducing the employee and employer

1.5 contribution rates and increasing postretirement adjustments; public employees

1.6 police and fire retirement plan; reducing the waiting period for post-retirement

1.7 adjustments; providing direct state aid; Teachers Retirement Association; making

1.8 administrative changes; St. Paul Teachers Retirement Fund Association; decreasing

1.9 employee contributions; providing direct state aid; modifying the termination

1.10 process for firefighter relief associations; implementing recommendations of the

1.11 state auditor's fire relief association working group; special legislation for the

1.12 Maple Plain fire department termination of participation in the statewide volunteer

1.13 firefighter plan; modifying the definition of salary to exclude pay for Minnesota

1.14 paid leave; requiring the employer of a reemployed annuitant to make employer

1.15 contributions to the pension plan that covers the annuitant; authorizing elected

1.16 officials to participate in the health care savings plan; Minnesota Secure Choice

1.17 Retirement Program; making administrative changes; revising enrollment, notice,

1.18 annual reporting, and board of director requirements; State Board of Investment;

1.19 modifying expense apportionment among funds managed by the State Board of

1.20 Investment; establishing work groups on relief associations and duty disability;

1.21 establishing the Probation and Telecommunicator Retirement subplan administered

1.22 by the Minnesota State Retirement System; establishing the Local Government

1.23 Probation and Telecommunicator Retirement Plan administered by the Public

1.24 Employees Retirement Association; transfers from the general fund to the new

1.25 probation and telecommunicator to fund a temporary reduction in employee

1.26 contribution rates; special legislation for an individual's periods of omitted service;

1.27 special legislation for an individual with a missing higher education individual

1.28 retirement account; making technical changes; amending Minnesota Statutes 2024,

1.29 sections 6.496; 11A.07, subdivision 5; 11A.17, subdivision 1; 43A.346,

1.30 subdivisions 8, 10; 144F.01, subdivision 2; 187.03, by adding subdivisions; 187.05,

1.31 subdivisions 1, 7, by adding a subdivision; 187.06, subdivision 3; 187.07, by adding

1.32 a subdivision; 187.08, subdivisions 1, 2, 6, 8; 299K.03, subdivision 3; 299N.02,

1.33 subdivision 1; 352.01, subdivision 13; 352.021, subdivision 2; 352.029, subdivisions

1.34 1, 2, 2a; 352.115, subdivisions 7a, 8, 9, 10; 352.1155, subdivision 3; 352.75,

1.35 subdivision 2; 352.87, subdivisions 1, 2; 352.951; 352.98, subdivisions 1, 3; 353.01,

1.36 subdivisions 10, 16, 37; 353.0141, subdivision 1; 353.031, subdivisions 1, 2, 3;

1.37 353.15, subdivision 1; 353.27, subdivisions 4, 7b, 11, 12, 12a, 12b, 13, 14; 353.30,

1.38 subdivision 3; 353.33, subdivisions 3, 7a, 11; 353.34, subdivisions 1, 3; 353.37,

2.1 subdivision 5; 353.371, subdivisions 6, 7; 353.46, subdivision 2; 353D.03,
 2.2 subdivision 6; 353E.03, subdivisions 1, 2; 353G.02, subdivision 4; 353G.08,
 2.3 subdivision 1; 353G.18, subdivision 4; 354.05, subdivisions 35, 37, by adding a
 2.4 subdivision; 354.07, subdivision 2; 354.44, subdivision 5; 354.444, subdivisions
 2.5 2, 3, 5; 354.445; 354.48, subdivisions 4, 6; 354A.011, subdivisions 14b, 24;
 2.6 354A.021, subdivision 8; 354A.095; 354A.12, subdivisions 1, 3a, 3c; 354A.29,
 2.7 subdivision 7; 356.20, subdivision 2; 356.214, subdivision 1; 356.216; 356.219,
 2.8 subdivision 1; 356.24, subdivision 3; 356.30, subdivisions 1, 3, by adding a
 2.9 subdivision; 356.302, subdivisions 1, 7; 356.303, subdivision 4; 356.315,
 2.10 subdivision 9; 356.32, subdivision 2; 356.401, subdivision 3; 356.415, subdivisions
 2.11 1g, 2, by adding a subdivision; 356.461, subdivisions 1, 2; 356.465, subdivision
 2.12 3; 356.47, subdivision 3; 356.48, subdivision 1; 356.611, subdivision 6; 356.635,
 2.13 subdivision 2a; 356.65, subdivision 1; 356B.02; 423A.02, subdivisions 1b, 3;
 2.14 424A.001, subdivisions 8, 9, 9a, 9b; 424A.01, subdivision 3; 424A.014, subdivision
 2.15 1; 424A.016, subdivision 4; 424B.10, subdivision 1b; 424B.22, subdivisions 5, 7,
 2.16 8, 9, as amended; 465.90; Minnesota Statutes 2025 Supplement, sections 11A.04;
 2.17 11A.07, subdivision 4; 151.37, subdivision 12; 181.101; 187.03, subdivisions 5,
 2.18 6a; 187.05, subdivisions 1a, 4; 187.07, subdivision 1; 187.08, subdivision 3; 187.11;
 2.19 187.12, subdivision 1; 299A.465, subdivision 1; 352.029, subdivision 3; 352.905,
 2.20 by adding a subdivision; 352.907, by adding a subdivision; 353.01, subdivisions
 2.21 2a, 2b; 353.65, subdivision 3b; 353D.01, subdivision 2; 353D.02, subdivision 7;
 2.22 356.215, subdivisions 8, 11; 356.24, subdivision 1; 356.415, subdivision 1c;
 2.23 423A.022, subdivision 2; 424A.016, subdivision 6; 424A.05, subdivision 3; Laws
 2.24 2022, chapter 65, article 3, section 1, subdivisions 2, as amended, 3, as amended;
 2.25 Laws 2025, chapter 39, article 1, section 8; proposing coding for new law in
 2.26 Minnesota Statutes, chapters 187; 352; 424A; proposing coding for new law as
 2.27 Minnesota Statutes, chapter 353H; repealing Minnesota Statutes 2024, sections
 2.28 352.87, subdivision 8; 424A.01, subdivision 6; Minnesota Statutes 2025
 2.29 Supplement, section 187.07, subdivision 3.

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

2.31 **ARTICLE 1**

2.32 **MINNESOTA STATE RETIREMENT SYSTEM**

2.33 Section 1. Minnesota Statutes 2024, section 352.021, subdivision 2, is amended to read:

2.34 Subd. 2. **State employees covered.** Every person who becomes a state employee as
 2.35 defined in section 352.01 is covered by the general state employees retirement plan, unless
 2.36 the state employee is covered by the correctional employees retirement plan under section
 2.37 352.905. Acceptance of state employment or continuance in state service is deemed to be
 2.38 consent by the state employee to have deductions made from salary for deposit to the credit
 2.39 of the account of the state employee in the retirement fund of the plan that provides retirement
 2.40 coverage for the state employee.

2.41 Sec. 2. Minnesota Statutes 2024, section 352.029, subdivision 1, is amended to read:

2.42 Subdivision 1. **Qualifications.** (a) Unless already specifically included under section
 2.43 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision
 2.44 2b, a state employee covered by the general state employees retirement plan who is on leave

3.1 of absence without pay to provide service as an employee or officer of a labor organization
 3.2 that is an exclusive bargaining agent representing state employees may elect under
 3.3 subdivision 2 to be covered by the general state employees retirement plan ~~of the Minnesota~~
 3.4 ~~State Retirement System~~ for service with the labor organization, subject to the limitations
 3.5 set forth in subdivisions 2a and 2b.

3.6 (b) Unless specifically included under section 352.01, subdivision 2a, or unless
 3.7 specifically excluded under section 352.01, subdivision 2b, a state employee covered by
 3.8 the correctional employees retirement plan who is on leave of absence without pay to provide
 3.9 service as an employee or officer of a labor organization that is an exclusive bargaining
 3.10 agent representing state employees may elect under subdivision 2 to be covered by the
 3.11 correctional employees retirement plan for service with the labor organization, subject to
 3.12 the limitations set forth in subdivisions 2a and 2b.

3.13 Sec. 3. Minnesota Statutes 2024, section 352.029, subdivision 2, is amended to read:

3.14 Subd. 2. **Election.** A person described in subdivision 1 is covered by the ~~system~~ general
 3.15 employees retirement plan under subdivision 1, paragraph (a), or the correctional employees
 3.16 retirement plan under subdivision 1, paragraph (b), if the person delivers a written election
 3.17 to be covered is delivered to the executive director within 90 days of being employed by
 3.18 the labor organization, or within 90 days of starting the first leave of absence with an
 3.19 exclusive bargaining agent to provide service as an employee or officer of a labor
 3.20 organization, whichever is later.

3.21 Sec. 4. Minnesota Statutes 2024, section 352.029, subdivision 2a, is amended to read:

3.22 Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary
 3.23 for a labor organization employee who is a member under section 352.01, subdivision 2a,
 3.24 paragraph (a), or who qualifies for membership under this section ~~or section 352.75~~ is limited
 3.25 to the lesser of:

3.26 (1) the employee's ~~actual~~ salary as defined under section 352.01, subdivision 13; or

3.27 (2) 75 percent of the salary of the governor as set under section 15A.082.

3.28 (b) The limited covered salary determined under this subdivision must be used in
 3.29 determining employee, employer, and supplemental employer ~~additional~~ contributions under
 3.30 ~~section~~ sections 352.04, subdivisions 2 and 3, and 352.92 and in determining retirement
 3.31 annuities and other benefits under this chapter and chapter 356.

4.1 Sec. 5. Minnesota Statutes 2025 Supplement, section 352.029, subdivision 3, is amended
4.2 to read:

4.3 Subd. 3. **Contributions.** (a) The employee and employer contributions required by
4.4 section 352.04; for employees covered by the general state employees retirement plan or
4.5 by section 352.92 for employees covered by section 352.905; the correctional employees
4.6 retirement plan are the obligation of the employee who is a member under section 352.01,
4.7 subdivision 2a, paragraph (a), or who chooses coverage under this section. However, the
4.8 employing labor organization may pay the employer contributions to the general state
4.9 employees retirement fund as required by section 352.04 for employees covered by the
4.10 general state employees retirement plan or to the correctional employees retirement fund
4.11 as required by section 352.92 for employees covered by the correctional employees retirement
4.12 plan.

4.13 (b) Contributions made by the employee must be made by salary deduction. The
4.14 employing labor organization shall pay all contributions to the system as required by section
4.15 352.04, or by section 352.92 for employees covered by section 352.905.

4.16 Sec. 6. Minnesota Statutes 2024, section 352.115, subdivision 7a, is amended to read:

4.17 Subd. 7a. **Application procedure.** (a) ~~The filing of an application for an annuity, refund,~~
4.18 ~~disability benefit, survivor benefit, death benefit, or other monthly benefit authorized by~~
4.19 ~~this chapter or chapter 3A, 352B, 352D, or 490 must comply with this subdivision.~~

4.20 (b) ~~Filing of an application under paragraph (a) is not complete until~~ is effective on the
4.21 date an original application and supporting documents are ~~is~~ received in an office of the
4.22 system or received by a person authorized by the director. An original application may not
4.23 be an electronic copy or facsimile copy and if received in an office of the system, must be
4.24 delivered by personal service or mail.

4.25 (c) ~~In this subdivision,~~ To complete the application, supporting documents must be
4.26 received in an office of the system or received by a person authorized by the director no
4.27 later than 60 days after filing the application. Supporting documents are not required to be
4.28 original documents except as determined by the director. "Supporting documents" are:

4.29 (1) documents sufficient to verify birth date;

4.30 (2) documents sufficient to verify marital status or establish the terms of a divorce, if
4.31 applicable; and

4.32 (3) the spousal acknowledgment required by section 356.46, subdivision 3, paragraph
4.33 (b).

5.1 ~~Supporting documents are not required to be original documents except as determined by~~
5.2 ~~the director.~~

5.3 Sec. 7. Minnesota Statutes 2024, section 352.115, subdivision 8, is amended to read:

5.4 Subd. 8. **Accrual of annuity.** (a) The application for an annuity must not be ~~made~~ filed
5.5 more than 60 days before the ~~time~~ date the state employee or former state employee elects
5.6 to begin collecting a retirement annuity.

5.7 (b) If the director determines an applicant for annuity has fulfilled the legal requirements
5.8 for an annuity, the director shall authorize the annuity payment in accordance with this
5.9 chapter and payment must be made as authorized.

5.10 (c) An annuity shall begin to accrue no earlier than 180 days before the date the
5.11 application is filed with the director, but not before the day following the termination of
5.12 state service or before the day the employee is eligible to retire by reason of both age and
5.13 service requirements.

5.14 (d) The retirement annuity shall cease with the last payment which had accrued during
5.15 the lifetime of the retired employee unless an optional annuity provided in section 352.116,
5.16 subdivision 3, had been selected and had become payable. The joint and last survivor annuity
5.17 shall cease with the last payment received by the survivor during the lifetime of the survivor.
5.18 If a retired employee had not selected an optional annuity, or a survivor annuity is not
5.19 payable under the option, and a spouse survives, the spouse is entitled only to the annuity
5.20 for the calendar month in which the retired employee died. If an optional annuity is payable
5.21 after the death of the retired employee, the survivor is entitled to the annuity for the calendar
5.22 month in which the retired employee died.

5.23 Sec. 8. Minnesota Statutes 2024, section 352.115, subdivision 9, is amended to read:

5.24 Subd. 9. **Annuities payable monthly.** All annuities, and disability benefits authorized
5.25 by this chapter, must be paid in equal monthly installments and must not be increased,
5.26 decreased, or revoked except as provided in this chapter or chapter 356.

5.27 Sec. 9. Minnesota Statutes 2024, section 352.87, subdivision 1, is amended to read:

5.28 Subdivision 1. **Eligibility.** (a) A member of the general state employees retirement plan
5.29 who is employed by the Department of Public Safety, State Fire Marshal Division, as a
5.30 deputy state fire marshal, fire/arson investigator, ~~who elects special benefit coverage under~~
5.31 ~~subdivision 8~~, is entitled to retirement ~~benefits~~ or disability benefits, as applicable, as stated
5.32 in this section for eligible service under this section rendered after July 1, 1999, for which

6.1 allowable service credit is received: if the member is first employed as a deputy state fire
6.2 marshal, fire/arson investigator:

6.3 (1) before July 1, 2026, and the member elected special benefit coverage under the laws
6.4 in effect on the day the member was first employed as a deputy state fire marshal, fire/arson
6.5 investigator; or

6.6 (2) after June 30, 2026.

6.7 (b) The covered member must be at least age 55 to qualify for the retirement annuity
6.8 specified in subdivision 3.

6.9 Sec. 10. Minnesota Statutes 2024, section 352.87, subdivision 2, is amended to read:

6.10 Subd. 2. **Retirement annuity eligibility.** A person specified in subdivision 1 who meets
6.11 all eligibility requirements specified in this chapter applicable to ~~general plan~~ members of
6.12 the general state employees retirement plan is eligible for retirement benefits as specified
6.13 in subdivision 3.

6.14 Sec. 11. Minnesota Statutes 2025 Supplement, section 352.905, is amended by adding a
6.15 subdivision to read:

6.16 Subd. 8. **Employees of labor organization.** Employees who meet the coverage and
6.17 election requirements of section 352.029 will continue to be covered by the correctional
6.18 employees retirement plan.

6.19 Sec. 12. Minnesota Statutes 2025 Supplement, section 352.907, is amended by adding a
6.20 subdivision to read:

6.21 Subd. 7. **Certain laws not applicable to the membership committee.** (a) Meetings of
6.22 the correctional plan membership committee are not subject to chapter 13D.

6.23 (b) The correctional plan membership committee is not an agency for the purposes of
6.24 sections 15.0597 and 15.0599.

6.25 Sec. 13. **ELECTION OF COVERAGE FOR CURRENT DEPUTY STATE FIRE**
6.26 **MARSHALS.**

6.27 Subdivision 1. **Definition.** For purposes of this section, "eligible employee" means a
6.28 member of the general state employees retirement plan of the Minnesota State Retirement
6.29 System who began employment with the Department of Public Safety, State Fire Marshal

7.1 Division, as a deputy state fire marshal, fire/arson investigator, after July 31, 2021, and
7.2 before October 5, 2022.

7.3 Subd. 2. Election of coverage. (a) An eligible employee may file a notice with the
7.4 executive director of the Minnesota State Retirement System on a form prescribed by the
7.5 executive director stating that the employee elects to be covered by section 352.87. Notice
7.6 must be filed no later than 60 days after enactment of this section.

7.7 (b) Elections under this subdivision are irrevocable during any period of covered
7.8 employment.

7.9 (c) An eligible employee who makes an election under this subdivision is entitled to
7.10 retirement or disability benefits, as applicable, as stated in section 352.87. Elected coverage
7.11 is effective retroactively from the first day of employment.

7.12 (d) A failure to file a timely notice is deemed a waiver of coverage by section 352.87.

7.13 Subd. 3. Calculation of additional contributions due. (a) Upon the request of an
7.14 eligible employee before the eligible employee files the notice electing coverage under
7.15 subdivision 2 or if an eligible employee files the notice electing coverage under subdivision
7.16 2, the executive director of the Minnesota State Retirement System must calculate:

7.17 (1) the employee contributions that would have been deducted from the eligible
7.18 employee's salary starting with the first day of covered employment but were not deducted
7.19 because the eligible employee had not yet filed the notice electing coverage, plus interest
7.20 at the applicable rate or rates specified in section 356.59, subdivision 2; and

7.21 (2) the employer contributions that would have been paid by the employer starting with
7.22 the eligible employee's first day of covered employment but were not deducted because the
7.23 eligible employee had not yet filed the notice electing coverage, plus interest at the applicable
7.24 rate or rates specified in section 356.59, subdivision 2.

7.25 (b) The executive director must inform the eligible employee and the Department of
7.26 Public Safety of the amounts calculated under paragraph (a) no later than 30 days after
7.27 receiving the request or the notice electing coverage from the eligible employee.

7.28 Subd. 4. Payment of additional contributions. (a) If an eligible employee files a notice
7.29 electing coverage under subdivision 2, the eligible employee must pay the employee
7.30 contributions and interest computed under subdivision 3, paragraph (a), to the general
7.31 employees retirement fund of the Minnesota State Retirement System in a lump sum.
7.32 Payment must be made within six months of filing the notice electing coverage under

8.1 subdivision 2 or on the date the eligible employee terminates employment as a deputy state
8.2 fire marshal, fire/arson investigator, whichever is earlier.

8.3 (b) The Department of Public Safety must pay the employer contributions and interest
8.4 computed under subdivision 3, paragraph (a), to the general employees retirement fund of
8.5 the Minnesota State Retirement System within 30 days of the date on which the executive
8.6 director of the Minnesota State Retirement System certifies to the Department of Public
8.7 Safety that the eligible employee made the payment required under paragraph (a).

8.8 Sec. 14. **REPEALER.**

8.9 Minnesota Statutes 2024, section 352.87, subdivision 8, is repealed.

8.10 Sec. 15. **EFFECTIVE DATE.**

8.11 Sections 1 to 14 are effective July 1, 2026.

8.12 **ARTICLE 2**

8.13 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

8.14 Section 1. Minnesota Statutes 2025 Supplement, section 353.65, subdivision 3b, is amended
8.15 to read:

8.16 Subd. 3b. **Direct state aid.** (a) The state must pay \$4,500,000 on October 1, 2018, and
8.17 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of
8.18 each year after 2019, the state must pay \$9,000,000 to the public employees police and fire
8.19 retirement plan.

8.20 (b) By October 1 of each year after 2024, the state must pay \$17,700,000 to the public
8.21 employees police and fire retirement plan.

8.22 (c) By October 1 of each year after 2025, the state must pay \$8,000,000 to the public
8.23 employees police and fire retirement plan.

8.24 ~~(e)~~ (d) The commissioner of management and budget must pay the aid specified in this
8.25 subdivision. The amount required is annually appropriated from the general fund to the
8.26 commissioner of management and budget.

8.27 ~~(d)~~ (e) The aid under paragraph (a) continues until the first day of the fiscal year following
8.28 three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of
8.29 the fund equals or exceeds 110 percent of the actuarial accrued liabilities as reported by the

9.1 actuary retained under section 356.214 in the annual actuarial valuation prepared under
9.2 section 356.215.

9.3 ~~(e)~~ (f) The aid under paragraph (b) expires July 1, 2048.

9.4 (g) The aid under paragraph (c) expires July 1, 2042.

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

9.6 Sec. 2. Minnesota Statutes 2024, section 353E.03, subdivision 1, is amended to read:

9.7 Subdivision 1. **Member contributions.** A member of the plan shall make an employee
9.8 contribution in an amount equal to ~~6.83~~ six percent of salary.

9.9 **EFFECTIVE DATE.** This section is effective January 1, 2027.

9.10 Sec. 3. Minnesota Statutes 2024, section 353E.03, subdivision 2, is amended to read:

9.11 Subd. 2. **Employer contributions.** The employer shall contribute for a member of the
9.12 plan an amount equal to ~~10.25~~ nine percent of salary.

9.13 **EFFECTIVE DATE.** This section is effective January 1, 2027.

9.14 Sec. 4. Minnesota Statutes 2025 Supplement, section 356.415, subdivision 1c, is amended
9.15 to read:

9.16 Subd. 1c. **Public employees police and fire retirement plan.** (a) Retirement annuity,
9.17 disability benefit, or survivor benefit recipients of the public employees police and fire
9.18 retirement plan are entitled to an annual postretirement adjustment, effective as of each
9.19 January 1, as follows:

9.20 (1) for each annuitant or benefit recipient who ~~will have~~ has been receiving ~~an~~ the annuity
9.21 or benefit for at least ~~24~~ 12 full months as of the ~~immediate preceding~~ June 30 of the calendar
9.22 year immediately before the effective date of the increase, a postretirement increase of one
9.23 percent must be applied each year to the amount of the monthly annuity or benefit of the
9.24 annuitant or benefit recipient; or

9.25 (2) for each annuitant or benefit recipient who has been receiving the annuity or benefit
9.26 for at least ~~13~~ one full ~~months~~ month, but less than ~~24~~ 12 months as of the ~~immediate~~
9.27 ~~preceding~~ June 30 of the calendar year immediately before the effective date of the increase,
9.28 a postretirement increase of 1/12 of one percent for each full month that the person has been
9.29 receiving an annuity or benefit during the fiscal year in which the annuity or benefit was

10.1 effective must be applied each year to the amount of the monthly annuity or benefit of the
10.2 annuitant or benefit recipient.

10.3 (b) An increase in annuity or benefit payments under this ~~section~~ subdivision must be
10.4 made automatically unless written notice is filed by the annuitant or benefit recipient with
10.5 the executive director of the Public Employees Retirement Association requesting that the
10.6 increase not be made.

10.7 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
10.8 on or after January 1, 2027.

10.9 Sec. 5. Minnesota Statutes 2024, section 356.415, subdivision 1g, is amended to read:

10.10 Subd. 1g. **Annual postretirement adjustments; ~~PERA~~ Public Employees Retirement**
10.11 **Association; local government correctional retirement plan.** (a) Annuities, disability
10.12 benefits, and survivor benefits being paid from the local government correctional retirement
10.13 plan of the Public Employees Retirement Association shall be increased effective each
10.14 January 1 by the percentage of increase determined under this subdivision. The increase to
10.15 the annuity or benefit shall be determined by multiplying the monthly amount of the annuity
10.16 or benefit by the percentage of increase specified in paragraph (b), after taking into account
10.17 any reduction to the percentage of increase required under paragraph (d).

10.18 (b) As of each January 1, The percentage of increase must be one percent unless the
10.19 federal Social Security Administration has announced a cost-of-living adjustment pursuant
10.20 to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar
10.21 year that is greater than one percent. If the cost-of-living adjustment announced by the
10.22 federal Social Security Administration is greater than one percent, the percentage of increase
10.23 must be the same as the cost-of-living adjustment announced by the federal Social Security
10.24 Administration, but in no event may the percentage of increase exceed the applicable
10.25 maximum percentage in effect on January 1 under paragraph (c).

10.26 (c) The applicable maximum percentage in effect on January 1 is ~~2.5~~ three percent,
10.27 unless either of the following is true, in which case the applicable maximum percentage is
10.28 1.5 percent:

10.29 (1) the market value of assets equals or is less than 85 percent of the actuarial accrued
10.30 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial
10.31 valuations; or

10.32 (2) the market value of assets equals or is less than 80 percent of the actuarial accrued
10.33 liabilities as reported by the plan's actuary in the most recent annual actuarial valuation. If,

11.1 ~~on January 1 after a year during which the applicable maximum percentage was 1.5 percent,~~
 11.2 ~~neither clause (1) or (2) is true, then the applicable maximum percentage is 2.5 percent.~~

11.3 (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been
 11.4 receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar
 11.5 year immediately before the effective date of the increase, there is no reduction in the
 11.6 percentage of increase.

11.7 (2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving
 11.8 the annuity or benefit for at least one month, but less than 12 full months, as of the June 30
 11.9 of the calendar year immediately preceding the effective date of the increase, the percentage
 11.10 of increase is multiplied by a fraction, the numerator of which is the number of months the
 11.11 annuity or benefit was received as of June 30 of the preceding calendar year and the
 11.12 denominator of which is 12.

11.13 (e) An increase in annuity or benefit payments under this ~~section~~ subdivision must be
 11.14 made automatically unless written notice is filed by the recipient with the executive director
 11.15 of the Public Employees Retirement Association requesting that the increase not be made.

11.16 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
 11.17 on or after January 1, 2027.

11.18 **ARTICLE 3**

11.19 **TEACHERS RETIREMENT ASSOCIATION; ST. PAUL TEACHERS RETIREMENT** 11.20 **FUND ASSOCIATION**

11.21 Section 1. Minnesota Statutes 2024, section 354.05, subdivision 37, is amended to read:

11.22 Subd. 37. **Termination of teaching service.** "Termination of teaching service" means
 11.23 the withdrawal of a member from active teaching service by resignation or the termination
 11.24 of the member's teaching contract by the employer. A member is not considered to have
 11.25 terminated teaching service, if before the age of ~~62~~ 59-1/2, and before the effective date of
 11.26 the termination or retirement, the member has entered into a contract to resume teaching
 11.27 service with an employing unit covered by the provisions of this chapter. A contract to
 11.28 return to work after retirement for an active member who has attained age ~~62~~ 59-1/2 must
 11.29 comply with the provisions of section 354.444.

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

12.1 Sec. 2. Minnesota Statutes 2024, section 354.05, is amended by adding a subdivision to
12.2 read:

12.3 Subd. 44. **Medical provider.** "Medical provider" means an individual licensed as a
12.4 physician, chiropractor, physician assistant, APRN, or, with respect to a mental impairment,
12.5 a psychologist.

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

12.7 Sec. 3. Minnesota Statutes 2024, section 354.07, subdivision 2, is amended to read:

12.8 Subd. 2. **Investigatory powers.** In passing upon all applications and claims, the board
12.9 may summon, swear, hear, and examine witnesses and, in the case of claims for disability
12.10 benefits, may require the claimant to submit to a medical examination by a ~~physician~~ medical
12.11 provider of the board's choice, at the expense of the claimant, as a condition precedent to
12.12 the passing on the claim, and, in the case of all applications and claims, may conduct
12.13 investigations necessary to determine the validity and merit of the same.

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

12.15 Sec. 4. Minnesota Statutes 2024, section 354.444, subdivision 2, is amended to read:

12.16 Subd. 2. **Eligibility.** An eligible person is a person who:

12.17 (1) is a teacher as defined by section 354.05, subdivision 2, who is at least age ~~62~~ 59-1/2;

12.18 (2) enters into a written agreement with the employing unit to return to work; and

12.19 (3) retires under the provisions of section 354.44 and begins to draw an annuity from
12.20 the Teachers Retirement Association.

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

12.22 Sec. 5. Minnesota Statutes 2024, section 354.444, subdivision 3, is amended to read:

12.23 Subd. 3. **Work agreement.** (a) A member who is at least age 59-1/2 may, before the
12.24 effective date of retirement, enter into a written agreement to return to work with an
12.25 employing unit covered by the provisions of this chapter.

12.26 (b) Participation, the amount of time worked, and the duration of participation under
12.27 this section must be mutually agreed upon by the employing unit and the employee. The
12.28 employing unit may require up to a one-year notice of intent to participate in the program
12.29 as a condition of participation. The employing unit shall determine the time of year the
12.30 employee shall work. Unless otherwise specified in this section, the employing unit may

13.1 not require a person to waive any rights under a collective bargaining agreement as a
13.2 condition of participation under this section.

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

13.4 Sec. 6. Minnesota Statutes 2024, section 354.48, subdivision 4, is amended to read:

13.5 Subd. 4. **Determination by executive director.** (a) The executive director ~~shall~~ must
13.6 have the member examined by ~~at least two licensed physicians, licensed chiropractors, or~~
13.7 ~~licensed psychologists~~ a licensed physician and any one or more medical providers.

13.8 (b) ~~These physicians, chiropractors, APRNs, or psychologists with respect to a mental~~
13.9 ~~impairment, shall~~ The medical providers selected under paragraph (a) must make written
13.10 reports to the executive director concerning the member's disability, including expert opinions
13.11 as to whether or not the member is permanently and totally disabled within the meaning of
13.12 section 354.05, subdivision 14.

13.13 (c) The executive director ~~shall~~ must also obtain written certification from the last
13.14 employer stating whether or not the member was separated from service because of a
13.15 disability ~~which~~ that would reasonably prevent further service to the employer and as a
13.16 consequence the member is not entitled to compensation from the employer.

13.17 (d) If, upon the consideration of the reports ~~of the physicians, chiropractors, APRNs, or~~
13.18 ~~psychologists~~ required under paragraph (b) and any other evidence presented by the member
13.19 or by others interested therein, the executive director finds that the member is totally and
13.20 permanently disabled, the executive director ~~shall~~ must grant the member a disability benefit.

13.21 (e) An employee who is placed on leave of absence without compensation because of
13.22 disability is not barred from receiving a disability benefit.

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

13.24 Sec. 7. Minnesota Statutes 2024, section 354.48, subdivision 6, is amended to read:

13.25 Subd. 6. **Regular physical examinations.** At least once each year during the first five
13.26 years following the allowance of a disability benefit to any member, and at least once in
13.27 every three-year period thereafter, the executive director may require the disability benefit
13.28 recipient to undergo an expert examination by ~~a physician or physicians, by a chiropractor~~
13.29 ~~or chiropractors, by an APRN or APRNs, or by one or more psychologists with respect to~~
13.30 ~~a mental impairment,~~ medical providers engaged by the executive director. If an examination
13.31 indicates that the member is no longer permanently and totally disabled or that the member
13.32 is engaged or is able to engage in a substantial gainful occupation, the association must

14.1 ~~discontinue~~ payments of the disability benefit ~~by the association must be discontinued~~. The
14.2 payments must be discontinued as soon as the member is reinstated to the payroll following
14.3 sick leave, but payment may not be made ~~for~~ more than 60 days after the ~~physicians,~~
14.4 ~~chiropractors, APRNs, or psychologists~~ medical provider or medical providers engaged by
14.5 the executive director find that the person is no longer permanently and totally disabled.

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

14.7 Sec. 8. Minnesota Statutes 2024, section 354A.011, subdivision 14b, is amended to read:

14.8 Subd. 14b. **Medical expert.** For purposes of section 354A.36, "medical expert" means
14.9 a licensed physician, licensed physician assistant, licensed chiropractor, an APRN, or a
14.10 licensed psychologist, in each case working within the scope of the individual's professional
14.11 licensure.

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

14.13 Sec. 9. Minnesota Statutes 2024, section 354A.021, subdivision 8, is amended to read:

14.14 Subd. 8. **Annual audit by state auditor.** (a) The books and accounts of the ~~teachers~~
14.15 ~~retirement fund~~ association must be examined and audited ~~periodically as considered~~
14.16 ~~necessary by the state auditor~~ annually. A full and detailed report of the examination and
14.17 audit must be made and a copy provided to the ~~teachers retirement fund association~~ board
14.18 ~~of trustees~~. The cost of any examination and audit must be paid by the ~~teachers retirement~~
14.19 ~~fund~~ association in accordance with section 6.56. For purposes of section 6.56, the ~~teachers~~
14.20 ~~retirement fund~~ association is considered a local governmental entity equivalent to a county,
14.21 city, town, or school district.

14.22 (b) The examination and audit required under paragraph (a) must be conducted by the
14.23 state auditor unless the state auditor has notified the association that the state auditor will
14.24 not conduct the examination and audit for a particular year. For any year that the state auditor
14.25 does not perform the examination and audit, the association must obtain the examination
14.26 and audit by a CPA firm meeting the requirements of section 326A.05.

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

14.28 Sec. 10. Minnesota Statutes 2024, section 354A.12, subdivision 1, is amended to read:

14.29 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by
14.30 each member is the percentage of total salary specified below for the applicable program:

15.1	Program	Percentage of Total Salary
15.2	basic program after June 30, 2016, through June 30, 2023	10
15.3	basic program after June 30, 2023, through June 30, 2024	10.25
15.4	basic program after June 30, 2024, through June 30, 2025	10
15.5	basic program after June 30, 2025, through June 30, 2026	11.25
15.6	basic program after June 30, 2026	11.5 <u>10.5</u>
15.7	coordinated program after June 30, 2016, through June 30,	
15.8	2023	7.5
15.9	coordinated program after June 30, 2023, through June 30,	
15.10	2024	7.75
15.11	coordinated program after June 30, 2024, through June 30,	
15.12	2025	7.5
15.13	coordinated program after June 30, 2025, through June 30,	
15.14	2026	8.75
15.15	coordinated program after June 30, 2026	9 <u>8</u>

15.16 (b) Contributions must be made by deduction from salary and must be remitted directly
 15.17 to the association at least once each month.

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

15.20 **EFFECTIVE DATE.** This section is effective July 1, 2026.

15.21 Sec. 11. Minnesota Statutes 2024, section 354A.12, subdivision 3a, is amended to read:

15.22 Subd. 3a. **Direct state aid to St. Paul Teachers Retirement Fund Association.** (a)
 15.23 The state must pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

15.24 (b) In addition to other amounts specified in this subdivision, the state must pay
 15.25 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

15.26 (c) In addition to the other amounts specified in paragraphs (a) and (b) this subdivision,
 15.27 the state must pay \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund
 15.28 Association.

15.29 (d) In addition to the other amounts specified in this subdivision, the state must pay
 15.30 \$3,400,000 as state aid to the St. Paul Teachers Retirement Fund Association.

15.31 ~~(d)~~ (e) The aid under this subdivision is payable October 1 annually. The commissioner
 15.32 of management and budget must pay the aid specified in this subdivision. The amount
 15.33 required is appropriated annually from the general fund to the commissioner of management
 15.34 and budget.

16.1 **EFFECTIVE DATE.** This section is effective July 1, 2026.

16.2 Sec. 12. Minnesota Statutes 2024, section 354A.12, subdivision 3c, is amended to read:

16.3 Subd. 3c. **Termination of supplemental contributions and direct matching and state**
16.4 **aid.** The supplemental contributions payable to the St. Paul Teachers Retirement Fund
16.5 Association by Independent School District No. 625 under section 423A.02, subdivision 3,
16.6 and the aid under subdivision 3a, paragraphs (a) to ~~(e)~~ (d), continue until the earlier of:

16.7 (1) the first day of the fiscal year following three consecutive fiscal years in which, for
16.8 each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of
16.9 the actuarial accrued liability as reported by the actuary retained under section 356.214 in
16.10 the annual actuarial valuation prepared under section 356.215; or

16.11 (2) July 1, 2048.

16.12 **EFFECTIVE DATE.** This section is effective July 1, 2026.

16.13 Sec. 13. Minnesota Statutes 2024, section 356.219, subdivision 1, is amended to read:

16.14 Subdivision 1. **Report required.** (a) The Bloomington Fire Department Relief
16.15 Association, volunteer firefighters relief associations governed by sections 424A.091 to
16.16 424A.095, the St. Paul Teachers Retirement Fund Association, and any Minnesota public
16.17 pension plan that is not fully invested through the State Board of Investment, must report
16.18 the information specified in subdivision 3 to the state auditor. The state auditor may prescribe
16.19 a form or forms for the purposes of the reporting requirements contained in this section.

16.20 (b) For purposes of this section, a pension plan is fully invested through the State Board
16.21 of Investment during a given calendar year if all assets of the pension plan beyond sufficient
16.22 cash equivalent investments to cover six months of expected expenses are invested under
16.23 section 11A.17.

16.24 (c) A public pension plan to which subdivision 3, paragraph (b) or (c), applies is not
16.25 required to file the report required by this subdivision for a given calendar year if the pension
16.26 plan's most recent annual financial audit was conducted by the state auditor. The St. Paul
16.27 Teachers Retirement Fund Association is not required to file the report required by this
16.28 subdivision for a given calendar year if the St. Paul Teachers Retirement Fund Association:

16.29 (1) is audited by the state auditor under section 354A.021, subdivision 8, for the most
16.30 recent annual audit; or

17.1 (2) submits to the state auditor an annual financial audit for the most recent annual audit
17.2 that was conducted in accordance with auditing standards generally accepted in the United
17.3 States of America.

17.4 (d) This section does not apply to the following plans:

17.5 (1) the Minnesota unclassified employees retirement program under chapter 352D;

17.6 (2) the public employees defined contribution plan under chapter 353D;

17.7 (3) the individual retirement account plans under chapters 354B and 354D;

17.8 (4) the higher education supplemental retirement plan under chapter 354C;

17.9 (5) any alternative retirement benefit plan established under section 383B.914;

17.10 (6) the University of Minnesota faculty retirement plan and supplemental plan; and

17.11 (7) any other statewide plan required to be invested by the State Board of Investment
17.12 under section 11A.23.

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

17.14 Sec. 14. Laws 2022, chapter 65, article 3, section 1, subdivision 2, as amended by Laws
17.15 2024, chapter 102, article 1, section 8, is amended to read:

17.16 Subd. 2. **Temporary suspension of earnings limitation for teachers covered by TRA**
17.17 **and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no
17.18 portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall
17.19 be deferred regardless of the amount of the salary earned from the teaching service during
17.20 the preceding fiscal year. This paragraph applies only to salary earned during fiscal years
17.21 ~~2022, 2023, 2024,~~ 2025, 2026, ~~and 2027,~~ 2028, 2029, and 2030 and annuity payments made
17.22 during calendar years ~~2023, 2024, 2025,~~ 2026, 2027, ~~and 2028,~~ 2029, 2030, and 2031.

17.23 (b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of
17.24 a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be
17.25 deferred or forfeited regardless of the amount of the salary earned from the teaching service
17.26 during the preceding calendar year. This paragraph applies only to salary earned during
17.27 calendar years ~~2022, 2023, 2024,~~ 2025, 2026, ~~and 2027,~~ 2028, 2029, and 2030 and annuity
17.28 payments made during calendar years ~~2023, 2024, 2025,~~ 2026, 2027, ~~and 2028,~~ 2029, 2030,
17.29 and 2031.

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

18.1 Sec. 15. Laws 2022, chapter 65, article 3, section 1, subdivision 3, as amended by Laws
18.2 2024, chapter 102, article 1, section 9, is amended to read:

18.3 Subd. 3. **Expiration date.** This section expires effective January 1, ~~2029~~ 2032.

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

18.5 ARTICLE 4

18.6 PROBATION AND TELECOMMUNICATOR RETIREMENT SUBPLAN OF THE 18.7 MSRS GENERAL STATE EMPLOYEES RETIREMENT PLAN

18.8 Section 1. Minnesota Statutes 2024, section 352.75, subdivision 2, is amended to read:

18.9 Subd. 2. **New employees.** All persons employed by the Metropolitan Council as
18.10 employees of the Transit Operating Division are:

18.11 (1) members of the general state employees retirement plan of the Minnesota State
18.12 Retirement System unless specifically covered by the probation and telecommunicator
18.13 retirement subplan under section 352.88; and ~~are~~

18.14 (2) state employees for purposes of this chapter unless specifically excluded under section
18.15 352.01, subdivision 2b.

18.16 **EFFECTIVE DATE.** This section is effective January 1, 2027.

18.17 Sec. 2. **[352.88] PROBATION OFFICERS AND PUBLIC SAFETY**

18.18 **TELECOMMUNICATORS.**

18.19 Subdivision 1. **Policy.** It is the policy of the legislature that special consideration should
18.20 be given to the pension benefits for employees of the state and governmental subdivisions
18.21 who devote their time and skills to assisting the community and the courts as probation
18.22 officers or serving the public and public safety partners as telecommunicators. Since this
18.23 work can be hazardous or high stress, special provisions are made by this section for earlier
18.24 full retirement than is provided to members of the general state employees retirement plan
18.25 under section 352.01, subdivision 25. The additional cost of this benefit is split between the
18.26 employees and employers.

18.27 Subd. 2. **Definitions.** (a) For purposes of this section and section 352.881, each of the
18.28 following terms has the meaning given unless the language or context clearly indicates that
18.29 a different meaning is intended. The definitions in section 352.01 apply to terms used in
18.30 this section and section 352.881 unless the term is defined in this section.

19.1 (b) "Committee" means the probation and telecommunicator subplan membership
19.2 committee established pursuant to section 352.881.

19.3 (c) "Employee organization" has the meaning given in section 179A.03, subdivision 6.

19.4 (d) "General plan" means the general state employees retirement plan of the Minnesota
19.5 State Retirement System.

19.6 (e) "Member" means an individual to whom this section applies under subdivision 3.

19.7 (f) "Normal retirement age" means age 60.

19.8 (g) "Offset amount" means an amount available to offset the cost to purchase credit for
19.9 past service upon the election by a member under subdivision 6, if state funding becomes
19.10 available.

19.11 (h) "Past service" means allowable service credited to a member before January 1, 2027,
19.12 and covered by the general plan that would have been service covered by this section had
19.13 this section been in effect before January 1, 2027.

19.14 (i) "Probation officer" means a state employee, as defined in section 352.01, employed
19.15 by the Department of Corrections:

19.16 (1) as:

19.17 (i) a corrections agent;

19.18 (ii) a corrections agent career;

19.19 (iii) a corrections agent senior;

19.20 (iv) a corrections field service district supervisor;

19.21 (v) a corrections community services regional director;

19.22 (vi) a corrections field services director;

19.23 (vii) a corrections field services program director; or

19.24 (2) whom the commissioner of corrections or the commissioner's delegate certifies, in
19.25 the manner prescribed by the executive director, as having substantial responsibility for:

19.26 (i) providing community supervision services or overseeing the delivery of probation
19.27 services; or

19.28 (ii) supervising employees eligible under item (i).

19.29 (j) "Public safety telecommunicator" means a state employee, as defined in section
19.30 352.01, employed by the Department of Public Safety or Metropolitan Council:

20.1 (1) as:

20.2 (i) a radio communications operator;

20.3 (ii) a radio communications supervisor;

20.4 (iii) a public safety answering point (PSAP) manager, as defined in Minnesota Rules,
20.5 part 7580.0100, subpart 12;

20.6 (iv) a supervisor, transit control center; or

20.7 (2) whom the commissioner of public safety, the commissioner's delegate, the Metro
20.8 Transit general manager, or the general manager's delegate, as applicable, certifies, in the
20.9 manner prescribed by the executive director, as having substantial responsibility for:

20.10 (i) receiving, processing, transmitting, or dispatching emergency and nonemergency
20.11 calls for law enforcement, fire, emergency medical, or other public safety services; or

20.12 (ii) supervising employees eligible under item (i).

20.13 (k) "Vesting" or "vested" means obtaining or having obtained a nonforfeitable entitlement
20.14 to an annuity or benefit under this section by having earned credit for not less than three
20.15 years of allowable service covered by this section or the general plan.

20.16 Subd. 3. **Eligibility.** This section applies to probation officers and public safety
20.17 telecommunicators, unless the probation officer or public safety telecommunicator is age
20.18 60 or older with at least three years of allowable service in the general plan on January 1,
20.19 2027.

20.20 Subd. 4. **Retirement annuity.** (a) After separation from state service, a member who
20.21 has attained at least normal retirement age and is vested is entitled, upon application, to a
20.22 normal retirement annuity. The normal retirement annuity is equal to the member's average
20.23 salary multiplied by 1.9 percent for each year of allowable service.

20.24 (b) After separation from state service, a member who has reached the age of 55 and is
20.25 vested is entitled, upon application, to an early retirement annuity that is actuarially equivalent
20.26 to the normal retirement annuity.

20.27 (c) Allowable service credited to a member under this section is credited in lieu of service
20.28 credited to the general plan.

20.29 Subd. 5. **Additional contributions.** (a) A member must make an additional employee
20.30 contribution of 2.71 percent of salary.

21.1 (b) The employer of a member must make an additional employer contribution of two
21.2 percent of salary.

21.3 (c) Contributions under paragraphs (a) and (b) are in addition to the contributions required
21.4 by section 352.04, subdivisions 2 and 3.

21.5 (d) Contributions under paragraphs (a) and (b) must be made in the manner provided in
21.6 section 352.04, subdivisions 4 to 6.

21.7 Subd. 6. **Purchase of credit for past service.** (a) A member is entitled to elect a onetime
21.8 purchase of credit for periods of past service to be added to the member's allowable service
21.9 covered by this section and used in calculating the member's retirement annuity. The member
21.10 must repay any refunds of employee contributions previously received from the general
21.11 plan before purchasing past service credit under this section.

21.12 (b) A member may request an estimate of the cost of a service credit purchase under
21.13 this paragraph.

21.14 (1) A member may file a request with the executive director for an estimate of the
21.15 purchase price for up to three different periods of past service by filing an application on a
21.16 form approved by the executive director.

21.17 (2) The member must file the request for an estimate before filing an election to purchase
21.18 past service under paragraph (c).

21.19 (3) The member must submit with the estimate request payment of the administrative
21.20 fee in the amount of \$250 to cover the cost of preparing the estimates. If the member proceeds
21.21 with the purchase, the executive director must credit the administrative fee toward the
21.22 purchase price.

21.23 (4) The executive director must estimate the purchase price using the assumptions and
21.24 applying any offset amount as directed under subdivision 7 for the periods of past service
21.25 requested by the member and provide the estimates to the member.

21.26 (c) To purchase credit for past service, a member must file an application with the
21.27 executive director on a form approved by the executive director before the annuity starting
21.28 date of the member's retirement annuity or benefit. The application must:

21.29 (1) include documentation of the member's eligibility to make the purchase, signed
21.30 written permission to allow the executive director to request and receive verification of
21.31 applicable facts and eligibility requirements from the member's employer, and any other
21.32 relevant information that the executive director may require;

22.1 (2) state the amount of credit for past service the member plans to purchase and be
22.2 accompanied by a certification from one or more employers that the past service fulfills the
22.3 requirements under subdivision 2, paragraph (h); and

22.4 (3) if the member did not previously pay the administrative fee under paragraph (b),
22.5 include payment of the administrative fee of \$250 to cover the cost of calculating the purchase
22.6 price. If the member proceeds with the purchase, the executive director must credit the
22.7 administrative fee toward the purchase price.

22.8 (d) The executive director must apply the assumptions and any offset amount under
22.9 subdivision 7 to calculate the purchase price and notify the member. If the member elects
22.10 to make the purchase of credit for past service, the member must arrange for the transfer of
22.11 pretax money from another retirement plan. Payment must be made in one lump sum prior
22.12 to the annuity starting date of the member's retirement annuity or benefit.

22.13 (e) Upon receipt of payment, the executive director must grant the member service credit
22.14 for the period of past service for which credit was purchased.

22.15 Subd. 7. **Determination of past service purchase price.** (a) The executive director
22.16 must calculate the purchase price for the period of past service elected by the member. The
22.17 purchase price is an amount equal to the actuarial present value, on the date of payment, of
22.18 the amount of the additional retirement annuity obtained by the additional service credit
22.19 being purchased minus any offset amount.

22.20 (b) The executive director must calculate the purchase price by:

22.21 (1) using the investment return assumption specified in section 356.215, subdivision 8,
22.22 and the mortality table in effect for the general plan;

22.23 (2) assuming continuous future service in the plan until the plan's minimum requirements
22.24 for normal retirement or retirement with an annuity unreduced for retirement at an early
22.25 age are met with the additional service credit purchased;

22.26 (3) assuming a full-time equivalent salary or actual salary, whichever is greater, and a
22.27 future salary history that includes annual salary increases at the applicable salary increase
22.28 rate for the plan; and

22.29 (4) reducing the amount determined under clauses (1) to (3) by any offset amount.

22.30 **EFFECTIVE DATE.** This section is effective January 1, 2027.

23.1 **Sec. 3. [352.881] SUBPLAN COVERAGE CHANGES.**

23.2 **Subdivision 1. Standing review committees.** (a) The commissioner of corrections must
23.3 appoint a standing review committee to review and determine positions or employees of
23.4 the Department of Corrections that should be covered by section 352.88. The commissioner
23.5 of public safety must appoint a standing review committee to review and determine positions
23.6 or employees of the Department of Public Safety that should be covered by section 352.88.
23.7 The Metro Transit general manager must appoint a standing review committee to review
23.8 and determine positions or employees of the Metropolitan Council that should be covered
23.9 by section 352.88.

23.10 (b) The Department of Corrections, Department of Public Safety, and Metropolitan
23.11 Council must each establish a procedure for the department's or agency's respective
23.12 committee to evaluate coverage by section 352.88. Each committee must follow:

23.13 (1) subdivision 2 when evaluating a change in the title of an employment position listed
23.14 in section 352.88, subdivision 2, paragraph (i), clause (1), or (j), clause (1); and

23.15 (2) subdivision 3 when evaluating requests for starting or ceasing coverage by section
23.16 352.88.

23.17 (c) If a committee has received one or more requests for changes to the title of an
23.18 employment position or the commencement or cessation of coverage of an employee by
23.19 section 352.88, the committee must convene at least as frequently as once every three
23.20 months. If a committee has not received any requests during a three-month period, the
23.21 review committee is not required to convene a meeting.

23.22 (d) Each committee must retain each request to the committee and the related
23.23 documentation and final determination for an employee or employment position in the
23.24 committee's respective department or agency.

23.25 (e) Meetings of a standing review committee are not subject to chapter 13D.

23.26 (f) A standing review committee is not an agency for the purposes of sections 15.0597
23.27 and 15.0599.

23.28 **Subd. 2. Procedures for changing employment titles.** (a) The applicable standing
23.29 review committee must review a change in the title of an employment position listed in
23.30 section 352.88, subdivision 2, paragraph (i), clause (1), or (j), clause (1), and determine
23.31 whether the responsibilities of the employment position satisfy the requirements under
23.32 section 352.88, subdivision 2, paragraph (i) or (j).

24.1 (b) If the committee determines that the responsibilities of the employment position
24.2 have not changed, or the responsibilities of the employment position have changed but the
24.3 changes do not affect the eligibility of the employment position for coverage by section
24.4 352.88, the department or agency affected by the determination must:

24.5 (1) submit the title change to the executive director of the Legislative Commission on
24.6 Pensions and Retirement before the start of the next legislative session and request legislation
24.7 to replace the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, with
24.8 the new title; and

24.9 (2) notify each employee in the employment position no later than 30 days after the
24.10 effective date of the title change that the title change will not affect the continued coverage
24.11 of the employee by section 352.88 and that the department or agency, as applicable, has
24.12 submitted a request to the legislature to change the title in section 352.88, subdivision 2,
24.13 paragraph (i) or (j), as applicable.

24.14 (c) If the committee determines that the responsibilities of the employment position have
24.15 changed and the changes result in the employment position no longer being qualified for
24.16 coverage by section 352.88, the department or agency affected by the determination must
24.17 communicate the committee's determination to all affected employees no later than 10 days
24.18 after the date of the meeting at which the determination was made and inform the employees
24.19 of the right to appeal the determination under subdivision 4.

24.20 (d) The department or agency affected by the determination to remove a title must contact
24.21 the executive director of the Legislative Commission on Pensions and Retirement before
24.22 the start of the next legislative session and request legislation to remove the title in section
24.23 352.88, subdivision 2, paragraph (i) or (j), as applicable, if:

24.24 (1) an employee appeals the determination and the determination is upheld; or

24.25 (2) an employee does not appeal the determination.

24.26 (e) The committee must include an effective date in any determination to change or
24.27 remove an employment position from the lists in section 352.88, subdivision 2, paragraph
24.28 (i) or (j). The effective date may be retroactive for a determination to change an employment
24.29 position.

24.30 **Subd. 3. Procedures for starting or ceasing coverage.** (a) The applicable standing
24.31 review committee must consider requests to provide coverage by section 352.88 to an
24.32 employee who satisfies the requirements of section 352.88, subdivision 2, paragraph (i),

25.1 clause (2), or (j), clause (2), or to cease coverage of an employee who does not satisfy the
25.2 requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

25.3 (b) An employee, an employee's employee organization, or an employee's manager may
25.4 submit a request to the committee to provide coverage to an employee who satisfies the
25.5 requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

25.6 The request must include:

25.7 (1) a signed and dated position description for the employee's position; and

25.8 (2) a statement signed by the employee that describes the extent to which the employee's
25.9 job duties meet the requirements of section 352.88, subdivision 2, paragraph (i), clause (2),
25.10 or (j), clause (2).

25.11 (c) An employer may submit a request to the committee to cease coverage of an employee
25.12 who no longer satisfies the requirements of section 352.88, subdivision 2, paragraph (i),
25.13 clause (2), or (j), clause (2). The request must include:

25.14 (1) a signed and dated position description for the employee's position; and

25.15 (2) a statement signed by the employee's employer describing how the employee no
25.16 longer meets the requirements of section 352.88, subdivision 2, paragraph (i), clause (2),
25.17 or (j), clause (2).

25.18 (d) After making a determination of coverage or no coverage for an employee, the
25.19 department or agency affected by the determination must communicate the committee's
25.20 determination to the affected employee no later than ten days after the date of the meeting
25.21 at which the determination was made and inform the employee of the right to appeal the
25.22 determination under subdivision 4.

25.23 (e) If after making a determination of coverage, the committee determines that an
25.24 employment position should be added to the list of employment positions in section 352.88,
25.25 subdivision 2, paragraph (i) or (j), as applicable, the department or agency affected by the
25.26 determination must submit the employment position addition to the executive director of
25.27 the Legislative Commission on Pensions and Retirement before the start of the next legislative
25.28 session and request legislation to make the change.

25.29 (f) The committee must include an effective date in any determination that an employee
25.30 must begin to receive coverage under section 352.88 or that coverage must cease. The
25.31 effective date may be retroactive to the date on which the coverage requirements were first
25.32 satisfied or were no longer met.

26.1 Subd. 4. **Right to appeal.** (a) No later than 30 days after receiving a determination under
 26.2 subdivision 2 or 3, the affected employee may appeal the determination from a standing
 26.3 review committee by filing an appeal with the human resources director or the chief human
 26.4 resources director of the department or agency, as applicable, in which the employee is
 26.5 employed. The appeal must include:

26.6 (1) the reasons for the appeal, including the reasons the determination should be reversed;
 26.7 and

26.8 (2) new or additional information, if any, not previously submitted or considered by the
 26.9 committee, including a new or revised position description.

26.10 (b) The appeal must be decided by the commissioner of corrections if the employee is
 26.11 an employee of the Department of Corrections, by the commissioner of public safety if the
 26.12 employee is an employee of the Department of Public Safety, or by the Metro Transit general
 26.13 manager if the employee is an employee of the Metropolitan Council. The decision of the
 26.14 commissioners or general manager, as applicable, is final.

26.15 (c) A determination not timely appealed under paragraph (a) is not entitled to further
 26.16 administrative or judicial review. A determination under subdivision 2 or 3 or an appeal
 26.17 decided under paragraph (b) may not be appealed under section 356.96.

26.18 **EFFECTIVE DATE.** This section is effective January 1, 2027.

26.19 Sec. 4. Minnesota Statutes 2024, section 352.951, is amended to read:

26.20 **352.951 APPLICABILITY OF GENERAL LAW.**

26.21 Except as otherwise provided, this chapter applies to covered correctional employees,
 26.22 military affairs personnel covered under section 352.85, Transportation Department pilots
 26.23 covered under section 352.86, ~~and~~ state fire marshal employees covered under section
 26.24 352.87, and probation officers and public safety telecommunicators covered under section
 26.25 352.88.

26.26 **EFFECTIVE DATE.** This section is effective January 1, 2027.

26.27 Sec. 5. Minnesota Statutes 2024, section 356.315, subdivision 9, is amended to read:

26.28 **Subd. 9. Future benefit accrual rate increases.** After January 2, 1998, benefit accrual
 26.29 rate increases under section 352.115, subdivision 3; 352.87, subdivision 3; 352.88,
 26.30 subdivision 4; 352.93, subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10,
 26.31 subdivision 1; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1, 1a,

27.1 or 3a; 353E.04, subdivision 3; 353E.06, subdivision 1; 354.44, subdivision 6; 354A.31,
 27.2 subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124, subdivision
 27.3 1, must apply only to allowable service or formula service rendered after the effective date
 27.4 of the benefit accrual rate increase.

27.5 **EFFECTIVE DATE.** This section is effective January 1, 2027.

27.6 Sec. 6. **APPROPRIATIONS.**

27.7 (a) \$272,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
 27.8 of corrections for the purposes of this act. The base for this appropriation is \$545,000 in
 27.9 fiscal year 2028 and \$545,000 in fiscal year 2029.

27.10 (b) \$14,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
 27.11 of public safety for the purposes of this act. The base for this appropriation is \$29,000 in
 27.12 fiscal year 2028 and \$29,000 in fiscal year 2029.

27.13 (c) \$40,000 in fiscal year 2027 is appropriated from the general fund to the Metropolitan
 27.14 Council for the purposes of this act. The base for this appropriation is \$80,000 in fiscal year
 27.15 2028 and \$80,000 in fiscal year 2029.

27.16 (d) \$7,000 in fiscal year 2027 is appropriated from the trunk highway fund to the
 27.17 commissioner of public safety for the purposes of this act. The base for this appropriation
 27.18 is \$14,000 in fiscal year 2028 and \$14,000 in fiscal year 2029.

27.19 **ARTICLE 5**

27.20 **LOCAL GOVERNMENTAL PROBATION AND TELECOMMUNICATOR**
 27.21 **RETIREMENT PLAN**

27.22 Section 1. Minnesota Statutes 2025 Supplement, section 353.01, subdivision 2a, is amended
 27.23 to read:

27.24 Subd. 2a. **Included employees; mandatory membership.** (a) Any public employee
 27.25 whose salary from one governmental subdivision is expected to exceed \$425 in any month
 27.26 and who is not specifically excluded under subdivision 2b or has not been provided an
 27.27 option to participate under subdivision 2d, whether individually or by action of the
 27.28 governmental subdivision, must participate beginning on the employee's first day of
 27.29 employment as a member of the association with retirement coverage by the general
 27.30 employees retirement plan under this chapter, the public employees police and fire plan
 27.31 under this chapter, ~~or~~ the local government correctional employees retirement plan under
 27.32 chapter 353E, or the local government probation and telecommunicator retirement plan

28.1 under chapter 353H, whichever applies. For any employee whose salary is not expected to
28.2 exceed \$425 in any month, membership commences on the first day that the employee's
28.3 salary exceeds \$425 and the other eligibility criteria are met. Public employees include but
28.4 are not limited to:

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

28.7 (2) elected county sheriffs;

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

28.11 (i) town and city clerk or treasurer;

28.12 (ii) county auditor, treasurer, or recorder;

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

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

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

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

28.19 (6) employees of the Red Wing Port Authority who were first employed by the Red
28.20 Wing Port Authority before May 1, 2011, and who are not excluded employees under
28.21 subdivision 2b;

28.22 (7) employees of the Seaway Port Authority of Duluth who are not excluded employees
28.23 under subdivision 2b;

28.24 (8) employees of the Stevens County Housing and Redevelopment Authority who were
28.25 first employed by the Stevens County Housing and Redevelopment Authority before May
28.26 1, 2014, and who are not excluded employees under subdivision 2b;

28.27 (9) employees of the Minnesota River Area Agency on Aging who were first employed
28.28 by a Regional Development Commission before January 1, 2016, and who are not excluded
28.29 employees under subdivision 2b; and

28.30 (10) employees of the Public Employees Retirement Association.

29.1 (b) A public employee or elected official who was a member of the association on June
29.2 30, 2002, based on employment that qualified for membership coverage by the public
29.3 employees retirement plan or the public employees police and fire plan under this chapter,
29.4 or the local government correctional employees retirement plan under chapter 353E as of
29.5 June 30, 2002, retains that membership for the duration of the person's employment in that
29.6 position or incumbency in elected office. Except as provided in subdivision 28, the person
29.7 shall participate as a member until the employee or elected official terminates public
29.8 employment under subdivision 11a or terminates membership under subdivision 11b.

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

29.11 (d) For the purpose of participation in the general employees retirement plan, public
29.12 employees include employees who were members of the former Minneapolis Employees
29.13 Retirement Fund on June 29, 2010.

29.14 Sec. 2. Minnesota Statutes 2025 Supplement, section 353.01, subdivision 2b, is amended
29.15 to read:

29.16 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
29.17 participate as members of the association with retirement coverage by the general employees
29.18 retirement plan, the local government correctional employees retirement plan under chapter
29.19 353E, ~~or the public employees police and fire plan, or the local government probation and~~
29.20 telecommunicator retirement plan under chapter 353H:

29.21 (1) persons whose salary from one governmental subdivision never exceeds or is never
29.22 expected to exceed \$425 in a month;

29.23 (2) public officers who are elected to a governing body, city mayors, or persons who
29.24 are appointed to fill a vacancy in an elected office of a governing body, whose term of office
29.25 commences on or after July 1, 2002, for the service to be rendered in that elected position;

29.26 (3) election judges and persons employed solely to administer elections;

29.27 (4) patient and inmate personnel who perform services for a governmental subdivision;

29.28 (5) except as otherwise specified in subdivision 12a, employees who are employed solely
29.29 in a temporary position as defined under subdivision 12a, and employees who resign from
29.30 a nontemporary position and accept a temporary position within 30 days of that resignation
29.31 in the same governmental subdivision;

30.1 (6) employees who are employed by reason of work emergency caused by fire, flood,
30.2 storm, or similar disaster, but if the person becomes a probationary or provisional employee
30.3 within the same pay period, other than on a temporary basis, the person is a "public
30.4 employee" retroactively to the beginning of the pay period;

30.5 (7) employees who by virtue of their employment in one governmental subdivision are
30.6 required by law to be a member of and to contribute to any of the plans or funds administered
30.7 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
30.8 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
30.9 prevent a person from being a member of and contributing to the Public Employees
30.10 Retirement Association and also belonging to and contributing to another public pension
30.11 plan or fund for other service occurring during the same period of time, and a person who
30.12 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
30.13 during the same period of time becomes a member of the association unless contributions
30.14 are made to another public retirement plan on the salary based on the other service or to the
30.15 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

30.16 (8) persons who are members of a religious order and are excluded from coverage under
30.17 the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance
30.18 of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if
30.19 no irrevocable election of coverage has been made under section 3121(r) of the Internal
30.20 Revenue Code of 1954, as amended;

30.21 (9) persons who are:

30.22 (i) employed by a governmental subdivision who have not reached the age of 23 and
30.23 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis
30.24 at an accredited school, college, or university in an undergraduate, graduate, or
30.25 professional-technical program, or at a public or charter high school;

30.26 (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist
30.27 interns and are serving in a degree or residency program in a public hospital or in a public
30.28 clinic; or

30.29 (iii) students who are serving for a period not to exceed five years in an internship or a
30.30 residency program that is sponsored by a governmental subdivision, including an accredited
30.31 educational institution;

30.32 (10) persons who hold a part-time adult supplementary technical college license who
30.33 render part-time teaching service in a technical college;

31.1 (11) for the first three years of employment, foreign citizens who are employed by a
31.2 governmental subdivision, except that the following foreign citizens must be considered
31.3 included employees under subdivision 2a:

31.4 (i) H-1B, H-1B1, and E-3 status holders;

31.5 (ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

31.6 (iii) employees legally authorized to work in the United States for three years or more;
31.7 and

31.8 (iv) employees otherwise required to participate under federal law;

31.9 (12) public hospital employees who elected not to participate as members of the
31.10 association before 1972 and who did not elect to participate from July 1, 1988, to October
31.11 1, 1988;

31.12 (13) volunteer ambulance service personnel, as defined in subdivision 35, but persons
31.13 who serve as volunteer ambulance service personnel may still qualify as public employees
31.14 under subdivision 2 and may be members of the Public Employees Retirement Association
31.15 and participants in the general employees retirement plan or the public employees police
31.16 and fire plan, whichever applies, on the basis of compensation received from public
31.17 employment service other than service as volunteer ambulance service personnel;

31.18 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
31.19 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
31.20 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
31.21 and may be a member of the Public Employees Retirement Association and a participant
31.22 in the general employees retirement plan or the public employees police and fire plan,
31.23 whichever applies, on the basis of compensation received from public employment activities
31.24 other than those as a volunteer firefighter;

31.25 (15) employees in the building and construction trades, as follows:

31.26 (i) pipefitters and associated trades personnel employed by Independent School District
31.27 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
31.28 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
31.29 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
31.30 12;

31.31 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed
31.32 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage
31.33 under a collective bargaining agreement by the electrical workers local 110 pension plan,

32.1 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either
32.2 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be
32.3 excluded under Laws 2000, chapter 461, article 7, section 5;

32.4 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
32.5 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School
32.6 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
32.7 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633
32.8 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied
32.9 trades local 61 pension plan, or the plasterers local 265 pension plan who were either first
32.10 employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded
32.11 under Laws 2001, First Special Session chapter 10, article 10, section 6;

32.12 (iv) plumbers employed by the Metropolitan Airports Commission, with coverage under
32.13 a collective bargaining agreement by the plumbers local 34 pension plan, who were either
32.14 first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be
32.15 excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

32.16 (v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation
32.17 Board, with coverage under a collective bargaining agreement by the electrical workers
32.18 local 292 pension plan or the pipefitters local 539 pension plan, who were first employed
32.19 before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11,
32.20 section 5;

32.21 (vi) laborers and associated trades personnel employed by the city of St. Paul or
32.22 Independent School District No. 625, St. Paul, who are designated as temporary employees
32.23 with coverage under a collective bargaining agreement by a multiemployer plan as defined
32.24 in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018,
32.25 or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter
32.26 211, article 16, section 13; and

32.27 (vii) employees who are trades employees as defined in section 356.27, subdivision 1,
32.28 first hired on or after July 1, 2020, by the city of St. Paul or Independent School District
32.29 No. 625, St. Paul, except for any trades employee for whom contributions are made under
32.30 section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer
32.31 plan as defined in section 356.27, subdivision 1;

32.32 (16) employees who are hired after June 30, 2002, solely to fill seasonal positions under
32.33 subdivision 12b which are limited in duration by the employer to a period of six months or
32.34 less in each year of employment with the governmental subdivision;

33.1 (17) persons who are provided supported employment or work-study positions by a
33.2 governmental subdivision and who participate in an employment or industries program
33.3 maintained for the benefit of these persons where the governmental subdivision limits the
33.4 position's duration to up to five years, including persons participating in a federal or state
33.5 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
33.6 relief program where the training or work experience is not provided as a part of, or for,
33.7 future permanent public employment;

33.8 (18) independent contractors and the employees of independent contractors;

33.9 (19) reemployed annuitants of the association during the course of that reemployment;

33.10 (20) persons appointed to serve on a board or commission of a governmental subdivision
33.11 or an instrumentality thereof;

33.12 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
33.13 Transit Commission who are members of the International Brotherhood of Teamsters Local
33.14 638 and who are, by virtue of that employment, members of the International Brotherhood
33.15 of Teamsters Central States pension plan; and

33.16 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who
33.17 are members of the Teamsters General Local Union 346 and who are, by virtue of that
33.18 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

33.19 (b) Any person performing the duties of a public officer in a position defined in
33.20 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
33.21 employee of an independent contractor.

33.22 Sec. 3. Minnesota Statutes 2024, section 353.01, subdivision 16, is amended to read:

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

33.24 (1) service during years of actual membership in the course of which employee deductions
33.25 were withheld from salary and contributions were made at the applicable rates under section
33.26 353.27, 353.65, ~~or~~ 353E.03, or 353H.04;

33.27 (2) periods of service covered by payments in lieu of salary deductions under sections
33.28 353.27, subdivisions 12 and 12a, and 353.35;

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

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

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

34.9 (6) an authorized temporary or seasonal layoff under subdivision 12, limited to three
34.10 months allowable service per authorized temporary or seasonal layoff in one calendar year.
34.11 An employee who has received the maximum service credit allowed for an authorized
34.12 temporary or seasonal layoff must return to public service and must obtain a minimum of
34.13 three months of allowable service subsequent to the layoff in order to receive allowable
34.14 service for a subsequent authorized temporary or seasonal layoff;

34.15 (7) a period of uniformed services leave purchased under section 353.014;

34.16 (8) a period of military service purchased under section 353.0141; or

34.17 (9) a period of reduced salary purchased under section 353.0162.

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

34.20 (c) For an active member who was an active member of the former Minneapolis
34.21 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
34.22 service credited by the Minneapolis Firefighters Relief Association as reflected in the
34.23 transferred records of the association up to December 30, 2011, and the period of service
34.24 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
34.25 who was an active member of the former Minneapolis Police Relief Association on December
34.26 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
34.27 Relief Association as reflected in the transferred records of the association up to December
34.28 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
34.29 30, 2011.

34.30 Sec. 4. Minnesota Statutes 2024, section 353.01, subdivision 37, is amended to read:

34.31 Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a
34.32 person who first became a public employee or a member of a pension fund listed in section
34.33 356.30, subdivision 3, clause (6), before July 1, 1989. For a person who first becomes a

35.1 public employee after June 30, 1989, "normal retirement age" means the higher of age 65
35.2 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended,
35.3 but not to exceed age 66.

35.4 (b) "Normal retirement age" means age 55 for a person who is a member of a pension
35.5 fund listed in section 356.30, subdivision 3, clauses (7) and (8).

35.6 (c) "Normal retirement age" means the age stated in section 353H.01, subdivision 6, for
35.7 a member of the local government probation and telecommunicator retirement plan.

35.8 Sec. 5. Minnesota Statutes 2024, section 353.0141, subdivision 1, is amended to read:

35.9 Subdivision 1. **Service credit purchase authorized.** (a) Unless prohibited under
35.10 paragraph (b), a member is eligible to purchase allowable service credit, not to exceed five
35.11 cumulative years of allowable service credit, for one or more periods of service in the
35.12 uniformed services, as defined in United States Code, title 38, section 4303(13), if:

35.13 (1) the member has at least three years of allowable service credit with the general
35.14 employees retirement plan, the local government correctional employees retirement plan
35.15 under chapter 353E, ~~or~~ the public employees police and fire retirement plan, or the local
35.16 government probation and telecommunicator retirement plan under chapter 353H;

35.17 (2) the member's current period of employment is at least six months; and

35.18 (3) one of the following applies:

35.19 (i) the member's service in the uniformed services occurred before becoming a public
35.20 employee as defined in section 353.01, subdivision 2; or

35.21 (ii) the member failed to obtain service credit for a uniformed services leave of absence
35.22 under section 353.01, subdivision 16, paragraph (a), clause (8).

35.23 (b) A service credit purchase is prohibited if:

35.24 (1) the member separated from service in the uniformed services with a dishonorable
35.25 or bad conduct discharge or under other than honorable conditions; or

35.26 (2) the member has purchased or otherwise received service credit from any Minnesota
35.27 public employee pension plan for the same period of service in the uniformed services.

35.28 (c) When purchasing a period of service, if the period of service in the uniformed services
35.29 is one year or less, then the member must purchase the full period of service. If the period
35.30 of service in the uniformed services is longer than one year, the member may purchase the

36.1 full period, not to exceed five cumulative years, or may purchase a portion of the period of
36.2 service. If a member wishes to purchase a portion of the period of service, the portion must:

36.3 (1) not be less than one year; and

36.4 (2) be in increments of six months of service.

36.5 Sec. 6. Minnesota Statutes 2024, section 353.031, subdivision 1, is amended to read:

36.6 Subdivision 1. **Application.** (a) This section applies to all disability determinations for
36.7 the public employees general fund, the public employees police and fire fund, ~~and~~ the local
36.8 government correctional service retirement plan, and the local government probation and
36.9 telecommunicator retirement plan, and any other disability determination subject to approval
36.10 by the board, except as otherwise specified in section 353.032, 353.33, 353.656, or 353E.05.
36.11 These requirements and the requirements of section 353.03, subdivision 3, are in addition
36.12 to the specific requirements of each plan and govern in the event there is any conflict between
36.13 these sections and the procedures specific to any of those plans under section 353.33,
36.14 353.656, ~~or~~ 353E.06, or 353H.06.

36.15 (b) Notwithstanding any law to the contrary, an employee, as defined in section 353.032,
36.16 subdivision 1, clause (2), who applies for a duty disability benefit based on a psychological
36.17 condition, as defined in section 353.032, subdivision 1, clause (7), is not eligible for duty
36.18 disability benefits under this chapter until the employee has satisfied the additional procedure,
36.19 including all completion of treatment requirements under section 353.032.

36.20 Sec. 7. Minnesota Statutes 2024, section 353.031, subdivision 2, is amended to read:

36.21 Subd. 2. **Plan document policy statement.** Disability determinations for the public
36.22 employees general fund and the local government probation and telecommunicator retirement
36.23 plan must be made subject to section 353.01, subdivision 19; and for the police and fire
36.24 plan and the local government correctional service retirement plan must be made consistent
36.25 with the legislative policy and intent set forth in section 353.63.

36.26 Sec. 8. Minnesota Statutes 2024, section 353.031, subdivision 3, is amended to read:

36.27 Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability
36.28 benefit must be initiated in writing on an application form and in the manner prescribed by
36.29 the executive director and filed with the executive director. To be valid, an application for
36.30 disability benefits must be made within 18 months following termination of public service
36.31 as defined under section 353.01, subdivision 11a, and include the required application form
36.32 and the medical reports required by paragraph (c).

37.1 (b) All medical reports must support a finding that the disability arose before the employee
37.2 was placed on any paid or unpaid leave of absence or terminated public service, as defined
37.3 under section 353.01, subdivision 11a.

37.4 (c) An applicant for disability shall provide a detailed report signed by a licensed medical
37.5 doctor and at least one additional report signed by a medical doctor, psychiatrist, psychologist,
37.6 APRN, or chiropractor. The applicant must authorize the release of all medical and health
37.7 care evidence, including all medical records and relevant information from any source, to
37.8 support the application for initial, or the continuing payment of, disability benefits.

37.9 (d) All reports must contain an opinion regarding the applicant's prognosis, the duration
37.10 of the disability, and the expectations for improvement. Any report that does not contain
37.11 and support a finding that the disability will last for at least one year may not be relied upon
37.12 to support eligibility for benefits.

37.13 (e) Where the medical evidence supports the expectation that at some point in time the
37.14 applicant will no longer be disabled, any decision granting disability may provide for a
37.15 termination date upon which disability can be expected to no longer exist. In the event a
37.16 termination date is made part of the decision granting benefits, prior to the actual termination
37.17 of benefits, the applicant shall have the opportunity to show that the disabling condition for
37.18 which benefits were initially granted continues. In the event the benefits terminate in
37.19 accordance with the original decision, the applicant may petition for review under section
37.20 356.96 or may reapply for disability in accordance with these procedures and section 353.33,
37.21 353.656, or 353E.06, as applicable.

37.22 (f) Upon receipt of a valid application, the executive director must notify the employer.
37.23 No later than 30 days after receiving the notification, the employer must provide a report
37.24 to the executive director indicating that there is no available work that the applicant can
37.25 perform in the applicant's disabled condition and that all reasonable accommodations have
37.26 been considered. Upon request of the executive director, an employer shall provide evidence
37.27 of the steps the employer has taken to attempt to provide reasonable accommodations and
37.28 continued employment to the applicant. The employer shall also provide a certification of
37.29 the applicant's past public service; the dates of any paid sick leave, vacation, or any other
37.30 employer-paid salary continuation plan beyond the last working day; and whether or not
37.31 any sick or annual leave has been allowed.

37.32 (g) An applicant who is placed on leave of absence without compensation because of a
37.33 disability is not barred from receiving a disability benefit.

38.1 (h) An applicant for disability benefits may file a retirement annuity application under
38.2 section 353.29, subdivision 4, simultaneously with an application for disability benefits. If
38.3 the application for disability benefits is approved, the retirement annuity application is
38.4 canceled. If disability benefits are denied, the retirement annuity application must be
38.5 processed upon the request of the applicant. No member of the general employees retirement
38.6 plan, the police and fire plan, ~~or~~ the local government correctional service retirement plan,
38.7 or the local government probation and telecommunicator retirement plan may receive a
38.8 disability benefit and a retirement annuity simultaneously from the same plan.

38.9 Sec. 9. Minnesota Statutes 2024, section 353.15, subdivision 1, is amended to read:

38.10 Subdivision 1. **Exemption.** The provisions of section 356.401 apply to the general
38.11 employees retirement plan, ~~to~~ the public employees police and fire retirement plan, ~~and to~~
38.12 the local government correctional service retirement plan, and the local government probation
38.13 and telecommunicator retirement plan.

38.14 Sec. 10. Minnesota Statutes 2024, section 353.27, subdivision 4, is amended to read:

38.15 Subd. 4. **Employer reporting requirements; contributions; member status.** (a) A
38.16 representative authorized by the head of each department must deduct employee contributions
38.17 from the salary of each public employee who qualifies for membership in the general
38.18 employees retirement plan or the public employees police and fire retirement plan under
38.19 this chapter, the public employees defined contribution plan under chapter 353D, ~~or~~ the
38.20 local government correctional service retirement plan under chapter 353E, or the local
38.21 government probation and telecommunicator retirement plan under chapter 353H at the rate
38.22 under section 353.27, 353.65, 353D.03, ~~or~~ 353E.03, or 353H.04, whichever is applicable,
38.23 that is in effect on the date the salary is paid. The employer representative must also remit
38.24 payment in a manner prescribed by the executive director for the aggregate amount of the
38.25 employee contributions and the required employer contributions to be received by the
38.26 association within 14 calendar days after each pay date. If the payment is less than the
38.27 amount required, the employer must pay the shortage amount to the association and collect
38.28 reimbursement of any employee contribution shortage paid on behalf of a member through
38.29 subsequent payroll withholdings from the wages of the employee. Payment of shortages in
38.30 employee contributions and associated employer contributions, if applicable, must include
38.31 interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days
38.32 following the date the amount was initially due under this section.

39.1 (b) The head of each department or the person's designee shall submit for each pay period
39.2 to the association a salary deduction report in the format prescribed by the executive director.
39.3 The report must be received by the association within 14 calendar days after each pay date
39.4 or the employer may be assessed a fine of \$5 per calendar day until the association receives
39.5 the required data. Data required as part of salary deduction reporting must include, but are
39.6 not limited to:

39.7 (1) the legal names and Social Security numbers of employees who are members;

39.8 (2) the amount of each employee's salary deduction;

39.9 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay
39.10 period from which each deduction was made, including a breakdown of the portion of the
39.11 salary that represents overtime pay that the employee was paid for additional hours worked
39.12 beyond the regularly scheduled hours, pay for unused compensatory time, and the salary
39.13 amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371,
39.14 subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

39.15 (4) the beginning and ending dates of the payroll period covered and the date of actual
39.16 payment; and

39.17 (5) adjustments or corrections covering past pay periods as authorized by the executive
39.18 director.

39.19 (c) Employers must furnish the data required for enrollment for each new or reinstated
39.20 employee who qualifies for membership in the general employees retirement plan, the public
39.21 employees police and fire retirement plan, the public employees defined contribution plan,
39.22 ~~or the local government correctional service retirement plan, or the local government~~
39.23 probation and telecommunicator retirement plan in the format prescribed by the executive
39.24 director. The required enrollment data on new members must be submitted to the association
39.25 prior to or concurrent with the submission of the initial employee salary deduction. Also,
39.26 the employer shall report to the association all member employment status changes, such
39.27 as leaves of absence, terminations, and death, and shall report the effective dates of those
39.28 changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails
39.29 to comply with the reporting requirements under this paragraph, the executive director may
39.30 assess a fine of \$25 for each failure if the association staff has notified the employer of the
39.31 noncompliance and attempted to obtain the missing data or form from the employer for a
39.32 period of more than three months.

39.33 (d) The employer shall furnish data, forms, and reports as may be required by the
39.34 executive director for proper administration of the retirement system. Before implementing

40.1 new or different computerized reporting requirements, the executive director shall give
40.2 appropriate advance notice to governmental subdivisions to allow time for system
40.3 modifications.

40.4 (e) Notwithstanding paragraph (a), the executive director may provide for less frequent
40.5 reporting and payments for small employers.

40.6 (f) The executive director may establish reporting procedures and methods as required
40.7 to review compliance by employers with the salary and contribution reporting requirements
40.8 in this chapter. A review of the payroll records of a participating employer may be conducted
40.9 by the association on a periodic basis or as a result of concerns known to exist within a
40.10 governmental subdivision. An employer under review must extract requested data and
40.11 provide records to the association after receiving reasonable advanced notice. Failure to
40.12 provide requested information or materials will result in the employer being liable to the
40.13 association for any expenses associated with a field audit, which may include staff salaries,
40.14 administrative expenses, and travel expenses.

40.15 Sec. 11. Minnesota Statutes 2024, section 353.27, subdivision 7b, is amended to read:

40.16 Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director determines
40.17 that an overpaid annuity or benefit from the general employees retirement plan of the Public
40.18 Employees Retirement Association, the public employees police and fire retirement plan,
40.19 ~~or~~ the local government correctional employees retirement plan, or the local government
40.20 probation and telecommunicator retirement plan is the result of invalid salary included in
40.21 the average salary used to calculate the payment amount must be recovered, the association
40.22 must determine the amount of the employee deductions taken in error on the invalid salary,
40.23 with interest determined in the manner provided for a former member under subdivision 7,
40.24 paragraph (e), clause (2), item (i), and must subtract that amount from the total annuity or
40.25 benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any,
40.26 must be recovered.

40.27 (b) If the invalid employee deductions plus interest exceed the amount of the overpaid
40.28 benefits, the balance must be refunded to the person to whom the benefit or annuity is being
40.29 paid.

40.30 (c) Any invalid employer contributions reported on the invalid salary must be credited
40.31 to the employer as provided in subdivision 7, paragraph (e).

40.32 (d) If a member or former member, who is receiving a retirement annuity or disability
40.33 benefit for which an overpayment is being recovered, dies before recovery of the overpayment

41.1 is completed and a joint and survivor optional annuity is payable, the remaining balance of
41.2 the overpaid annuity or benefit must continue to be recovered from the payment to the
41.3 optional annuity beneficiary.

41.4 (e) If the association finds that a refund has been overpaid to a former member,
41.5 beneficiary or other person, the amount of the overpayment must be recovered for the benefit
41.6 of the respective retirement fund or account.

41.7 (f) The board of trustees shall adopt policies directing the period of time and manner
41.8 for the collection of any overpaid retirement or optional annuity, and survivor or disability
41.9 benefit, or a refund that the executive director determines must be recovered as provided
41.10 under this section.

41.11 Sec. 12. Minnesota Statutes 2024, section 353.27, subdivision 11, is amended to read:

41.12 Subd. 11. **Employers; required to furnish requested information.** (a) All governmental
41.13 subdivisions shall furnish promptly such other information relative to the employment status
41.14 of all employees or former employees, including, but not limited to, payroll abstracts
41.15 pertaining to all past and present employees, as may be requested by the executive director,
41.16 including schedules of salaries applicable to various categories of employment.

41.17 (b) In the event payroll abstract records have been lost or destroyed, for whatever reason
41.18 or in whatever manner, so that such schedules of salaries cannot be furnished therefrom,
41.19 the employing governmental subdivision, in lieu thereof, shall furnish to the association an
41.20 estimate of the earnings of any employee or former employee for any period as may be
41.21 requested by the executive director. If the association is provided a schedule of estimated
41.22 earnings, the executive director is authorized to use the same as a basis for making whatever
41.23 computations might be necessary for determining obligations of the employee and employer
41.24 to the general employees retirement plan, the public employees police and fire retirement
41.25 plan, ~~or the local government correctional employees retirement plan, or the local government~~
41.26 probation and telecommunicator retirement plan. If estimates are not furnished by the
41.27 employer at the request of the executive director, the executive director may estimate the
41.28 obligations of the employee and employer to the general employees retirement fund, the
41.29 public employees police and fire retirement plan, ~~or the local government correctional~~
41.30 employees retirement plan, or the local government probation and telecommunicator
41.31 retirement plan based upon those records that are in its possession.

42.1 Sec. 13. Minnesota Statutes 2024, section 353.27, subdivision 12, is amended to read:

42.2 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of
42.3 required deductions for the general employees retirement plan, the public employees police
42.4 and fire retirement plan, ~~or~~ the local government correctional employees retirement plan,
42.5 or the local government probation and telecommunicator retirement plan from the salary
42.6 of an employee, the department head or designee shall immediately, upon discovery, report
42.7 the employee for membership and deduct the employee deductions under subdivision 4
42.8 during the current pay period or during the pay period immediately following the discovery
42.9 of the omission. Payment for the omitted obligations may only be made in accordance with
42.10 reporting procedures and methods established by the executive director.

42.11 (b) When the entire omission period of an employee does not exceed 60 days, the
42.12 governmental subdivision may report and submit payment of the omitted employee
42.13 deductions and the omitted employer contributions through the reporting processes under
42.14 subdivision 4.

42.15 (c) When the omission period of an employee exceeds 60 days, the governmental
42.16 subdivision shall furnish to the association sufficient data and documentation upon which
42.17 the obligation for omitted employee and employer contributions can be calculated. The
42.18 omitted employee deductions must be deducted from the employee's subsequent salary
42.19 payment or payments and remitted to the association for deposit in the applicable retirement
42.20 fund. The employee shall pay omitted employee deductions due for the 60 days prior to the
42.21 end of the last pay period in the omission period during which salary was earned. The
42.22 employer shall pay any remaining omitted employee deductions and any omitted employer
42.23 contributions, plus interest at the applicable rate or rates specified in section 356.59,
42.24 subdivision 3, compounded annually, from the date or dates each omitted employee
42.25 contribution was first payable.

42.26 (d) An employer shall not hold an employee liable for omitted employee deductions
42.27 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
42.28 those employee deductions paid by the employer on behalf of the employee. Omitted
42.29 deductions due under paragraph (c) which are not paid by the employee constitute a liability
42.30 of the employer that failed to deduct the omitted deductions from the employee's salary.
42.31 The employer shall make payment with interest at the applicable rate or rates specified in
42.32 section 356.59, subdivision 3, compounded annually. Omitted employee deductions are no
42.33 longer due if an employee terminates public service before making payment of omitted
42.34 employee deductions to the association, but the employer remains liable to pay omitted

43.1 employer contributions plus interest at the applicable rate or rates specified in section 356.59,
43.2 subdivision 3, compounded annually, from the date the contributions were first payable.

43.3 (e) The association may not commence action for the recovery of omitted employee
43.4 deductions and employer contributions after the expiration of three calendar years after the
43.5 calendar year in which the contributions and deductions were omitted. Except as provided
43.6 under paragraph (b), no payment may be made or accepted unless the association has already
43.7 commenced action for recovery of omitted deductions. An action for recovery commences
43.8 on the date of the mailing of any written correspondence from the association requesting
43.9 information from the governmental subdivision upon which to determine whether or not
43.10 omitted deductions occurred.

43.11 Sec. 14. Minnesota Statutes 2024, section 353.27, subdivision 12a, is amended to read:

43.12 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who
43.13 was a member of the general employees retirement plan of the Public Employees Retirement
43.14 Association, the public employees police and fire retirement plan, ~~or~~ the local government
43.15 correctional employees retirement plan, or the local government probation and
43.16 telecommunicator retirement plan and who has a period of employment in which previously
43.17 omitted employer contributions were made under subdivision 12 but for whom no, or only
43.18 partial, omitted employee contributions have been made, or a member who had prior coverage
43.19 in the association for which previously omitted employer contributions were made under
43.20 subdivision 12 but who terminated service before required omitted employee deductions
43.21 could be withheld from salary, may pay the omitted employee deductions for the period on
43.22 which omitted employer contributions were previously paid plus interest at the applicable
43.23 rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated
43.24 employee may pay the omitted employee deductions plus interest within six months of an
43.25 initial notification from the association of eligibility to pay those omitted deductions. If a
43.26 terminated employee is reemployed in a position covered under a public pension fund under
43.27 section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment
43.28 must be made no later than six months after a subsequent termination of public service.

43.29 Sec. 15. Minnesota Statutes 2024, section 353.27, subdivision 12b, is amended to read:

43.30 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted
43.31 from salary adjustments or final salary of a terminated employee who was a member of the
43.32 general employees retirement plan, the public employees police and fire retirement plan,
43.33 ~~or~~ the local government correctional employees retirement plan, or the local government

44.1 probation and telecommunicator retirement plan and who is immediately eligible to draw
44.2 a monthly benefit, the employer shall pay the omitted employer and employer additional
44.3 contributions plus interest on both the employer and employee amounts due at the applicable
44.4 rate or rates specified in section 356.59, subdivision 3, compounded annually. The employee
44.5 shall pay the employee deductions within six months of an initial notification from the
44.6 association of eligibility to pay omitted deductions or the employee forfeits the right to
44.7 make the payment.

44.8 Sec. 16. Minnesota Statutes 2024, section 353.27, subdivision 13, is amended to read:

44.9 Subd. 13. **Certain warrants canceled.** A warrant payable from the general employees
44.10 retirement fund, the public employees police and fire retirement fund, ~~or~~ the local government
44.11 correctional retirement fund, or the local government probation and telecommunicator
44.12 retirement fund remaining unpaid for a period of six months must be canceled into the
44.13 applicable retirement fund and not canceled into the state's general fund.

44.14 Sec. 17. Minnesota Statutes 2024, section 353.27, subdivision 14, is amended to read:

44.15 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to be a
44.16 governmental subdivision due to receipt of a written notice of eligibility from the association
44.17 with respect to the general employees retirement plan, the public employees police and fire
44.18 retirement plan, ~~or~~ the local government correctional retirement plan, or the local government
44.19 probation and telecommunicator retirement plan, that employer and its employees are subject
44.20 to the requirements of subdivision 12, effective retroactively to the date that the executive
44.21 director of the association determines that the entity first met the definition of a governmental
44.22 subdivision, if that date predates the notice of eligibility.

44.23 (b) If the retroactive time period under paragraph (a) exceeds three years, an employee
44.24 is authorized to purchase service credit in the applicable Public Employees Retirement
44.25 Association plan for the portion of the period in excess of three years, by making payment
44.26 under section 356.551. Notwithstanding any provision of section 356.551, subdivision 2,
44.27 to the contrary, regarding time limits on purchases, payment of a service credit purchase
44.28 amount may be made anytime before the termination of public service.

44.29 (c) This subdivision does not apply if the applicable employment under paragraph (a)
44.30 included coverage by any public or private defined benefit or defined contribution retirement
44.31 plan, other than a firefighters relief association. If this paragraph applies, an individual is
44.32 prohibited from purchasing service credit from a Public Employees Retirement Association
44.33 plan for any period or periods specified in paragraph (a).

45.1 Sec. 18. Minnesota Statutes 2024, section 353.30, subdivision 3, is amended to read:

45.2 Subd. 3. **Optional retirement annuity forms.** (a) The board of trustees shall establish
45.3 optional annuities which shall take the form of a joint and survivor annuity. Except as
45.4 provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the
45.5 forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5 or section 353H.05,
45.6 subdivisions 1 and 3. In establishing those optional forms, the board shall obtain the written
45.7 recommendation of the actuary retained under section 356.214. The recommendations shall
45.8 be a part of the permanent records of the board. A member or former member may select
45.9 an optional form of annuity, subject to the provisions of section 356.46, in lieu of accepting
45.10 any other form of annuity which might otherwise be available.

45.11 (b) For purposes of computing a joint and survivor annuity, the investment return
45.12 assumption specified in section 356.461 must be used rather than the investment return
45.13 specified in section 356.215, subdivision 8.

45.14 Sec. 19. Minnesota Statutes 2024, section 353.33, subdivision 3, is amended to read:

45.15 Subd. 3. **Computation of benefits.** (a) This disability benefit is an amount equal to the
45.16 normal annuity payable to a member who has reached normal retirement age with the same
45.17 number of years of allowable service and the same average salary, as provided in ~~section~~
45.18 sections 353.01, subdivision 17a, and ~~section~~ 353.29, subdivision 3, or 353H.05, subdivision
45.19 1, for members of the local government probation and telecommunicator retirement plan.

45.20 (b) A basic member shall receive a supplementary monthly benefit of \$25 to age 65 or
45.21 the five-year anniversary of the effective date of the disability benefit, whichever is later.

45.22 (c) If the disability benefits under this subdivision exceed the average salary as defined
45.23 in section 353.01, subdivision 17a, the disability benefits must be reduced to an amount
45.24 equal to the average salary.

45.25 Sec. 20. Minnesota Statutes 2024, section 353.33, subdivision 7a, is amended to read:

45.26 Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public Employees
45.27 Retirement Association general employees retirement plan and local government probation
45.28 and telecommunicator retirement plan.

45.29 (b) If, following a work or non-work-related injury or illness, a member receiving
45.30 disability benefits attempts to return to work for the member's previous public employer or
45.31 attempts to return to a similar position with another public employer, on a full-time or less
45.32 than full-time basis, the association must continue paying the disability benefit for a period

46.1 not to exceed six months. The disability benefit must continue in an amount that, when
46.2 added to the subsequent employment earnings, does not exceed the base monthly salary the
46.3 member had been receiving at the date of disability or the base monthly salary rate currently
46.4 paid for similar positions, whichever is higher.

46.5 (c) No deductions for the general employees retirement plan may be taken from the
46.6 salary of a disabled person who is attempting to return to work under this provision unless
46.7 the member waives further disability benefits.

46.8 (d) A member only may return to employment and continue disability benefit payments
46.9 once while receiving disability benefits from the general employees retirement plan.

46.10 Sec. 21. Minnesota Statutes 2024, section 353.33, subdivision 11, is amended to read:

46.11 Subd. 11. **Coordinated member disabilitant transfer to retirement status.** The
46.12 disability benefits paid to a coordinated member must terminate when the person reaches
46.13 normal retirement age. If the coordinated member is still totally and permanently disabled
46.14 upon attaining normal retirement age, the coordinated member is deemed to be on retirement
46.15 status. If an optional annuity is elected under subdivision 3a, the coordinated member shall
46.16 receive an annuity under the terms of the optional annuity previously elected, or, if an
46.17 optional annuity is not elected under subdivision 3a, the coordinated member may elect to
46.18 receive a normal retirement annuity under section 353.29 or 353H.05 or an annuity equal
46.19 to the disability benefit paid before the coordinated member reaches normal retirement age,
46.20 whichever amount is greater, or elect to receive an optional annuity under section 353.30,
46.21 subdivision 3. The annuity of a disabled coordinated member who attains normal retirement
46.22 age must be computed under the law in effect upon attainment of normal retirement age.
46.23 Election of an optional annuity must be made before the coordinated member attains normal
46.24 retirement age. If an optional annuity is elected, the election is effective on the date on
46.25 which the person attains normal retirement age and the optional annuity begins to accrue
46.26 on the first day of the month next following the month in which the person attains that age.

46.27 Sec. 22. Minnesota Statutes 2024, section 353.34, subdivision 1, is amended to read:

46.28 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either
46.29 a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity
46.30 under subdivision 3. Application for a refund may not be made before the date of termination
46.31 of public service. A refund must be paid within 120 days following receipt of the application
46.32 unless the applicant has again become a public employee required to be covered by the
46.33 association.

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

47.3 (c) An individual who terminates public service covered by the Public Employees
47.4 Retirement Association general employees retirement plan, except members of the former
47.5 Minneapolis Employees Retirement Fund under section 353.01, subdivision 2b, paragraph
47.6 (d), the Public Employees Retirement Association police and fire retirement plan, ~~or~~ the
47.7 public employees local government correctional service retirement plan, or the local
47.8 government probation and telecommunicator retirement plan, and who is employed by a
47.9 different employer and who becomes an active member covered by one of the other two
47.10 plans, may receive a refund of employee contributions plus annual compound interest from
47.11 the plan from which the member terminated service at the applicable rate specified in
47.12 subdivision 2.

47.13 (d) Refunds payable to members of the former Minneapolis Employees Retirement Fund
47.14 under section 353.01, subdivision 2a, paragraph (d), are governed by Minnesota Statutes
47.15 2008, chapter 422A.

47.16 Sec. 23. Minnesota Statutes 2024, section 353.34, subdivision 3, is amended to read:

47.17 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is partially
47.18 or 100 percent vested under section 353.01, subdivision 47, or 353H.01, subdivision 12, when
47.19 termination of public service or termination of membership occurs has the option of leaving
47.20 the member's accumulated deductions in the fund and being entitled to a deferred retirement
47.21 annuity commencing at normal retirement age or to a deferred early retirement annuity
47.22 under section 353.30, subdivision 1a, 1b, 1c, or 5, or 353H.05, subdivision 3.

47.23 (b) The deferred annuity must be computed under section 353.29, subdivision 3, or
47.24 353H.05, subdivision 1, on the basis of the law in effect on the date of termination of public
47.25 service or termination of membership, whichever is later, and, if the later of termination of
47.26 public service or termination of membership is on or before December 31, 2011, the deferred
47.27 annuity must be augmented as provided in paragraphs (c) to (e).

47.28 (c) The deferred annuity of any former member must be augmented from the first day
47.29 of the month following the termination of active service, or July 1, 1971, whichever is later,
47.30 to the effective date of retirement or, if earlier, December 31, 2018.

47.31 (d) For a person who became a public employee before July 1, 2006, and who has a
47.32 termination of public service before January 1, 2012, the deferred annuity must be augmented
47.33 at the following rate or rates, compounded annually:

48.1 (1) five percent until January 1, 1981;

48.2 (2) three percent from January 1, 1981, until January 1 of the year following the year in
48.3 which the former member attains age 55 or December 31, 2011, whichever is earlier;

48.4 (3) five percent from January 1 of the year following the year in which the former member
48.5 attains age 55, or December 31, 2011, whichever is earlier;

48.6 (4) one percent from January 1, 2012, until December 31, 2018; and

48.7 (5) after December 31, 2018, the deferred annuity must not be augmented.

48.8 (e) For a person who became a public employee after June 30, 2006, and who has a
48.9 termination of public service before January 1, 2012, the deferred annuity must be augmented
48.10 at the following rate or rates, compounded annually:

48.11 (1) 2.5 percent until December 31, 2011;

48.12 (2) one percent from January 1, 2012, until December 31, 2018; and

48.13 (3) after December 31, 2018, the deferred annuity must not be augmented.

48.14 (f) For a person who has a termination of public service after December 31, 2011, the
48.15 deferred annuity must not be augmented.

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

48.24 (h) A former member qualified to apply for a deferred retirement annuity may revoke
48.25 this option at any time before the commencement of deferred annuity payments by making
48.26 application for a refund. The person is entitled to a refund of accumulated member
48.27 contributions within 30 days following date of receipt of the application by the executive
48.28 director.

48.29 Sec. 24. Minnesota Statutes 2024, section 353.37, subdivision 5, is amended to read:

48.30 Subd. 5. **Effect on annuity.** Except as provided under this section, public service
48.31 performed by an annuitant described in subdivision 1, paragraph (a), subsequent to retirement

49.1 from the general employees retirement plan, the public employees police and fire retirement
49.2 plan, ~~or the local government correctional employees retirement plan, or the local government~~
49.3 probation and telecommunicator retirement plan does not increase or decrease the amount
49.4 of an annuity. The annuitant shall not make any further contributions to a defined benefit
49.5 plan administered by the association by reason of this subsequent public service.

49.6 Sec. 25. Minnesota Statutes 2024, section 353.46, subdivision 2, is amended to read:

49.7 Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant or
49.8 other former member of the general employees retirement plan of the Public Employees
49.9 Retirement Association, the public employees police and fire retirement plan, ~~or the local~~
49.10 government correctional employees retirement plan, or the local government probation and
49.11 telecommunicator retirement plan to receive an annuity under the law in effect at the time
49.12 the person terminated public service is preserved.

49.13 (b) The entitlement of a deferred annuitant or former member of the Minneapolis
49.14 Employees Retirement Fund, upon merger with the general employees retirement plan of
49.15 the Public Employees Retirement Association, continues under the provisions of Minnesota
49.16 Statutes 2008, section 422A.16.

49.17 Sec. 26. **[353H.001] APPLICATION OF CHAPTER 353.**

49.18 The general provisions of chapter 353 apply to the local government probation and
49.19 telecommunicator retirement plan, except where otherwise specifically provided in this
49.20 chapter.

49.21 Sec. 27. **[353H.002] POLICY.**

49.22 It is the policy of the legislature that special consideration should be given to the pension
49.23 benefits for employees of governmental subdivisions who devote their time and skills to
49.24 assisting the community and the courts as probation officers or serving the public and public
49.25 safety partners as telecommunicators. Because this work can be hazardous or high stress,
49.26 special provisions are made by this chapter for earlier retirement and larger retirement
49.27 annuities than are provided to members of the general employees retirement plan under
49.28 chapter 353. The additional costs of these benefits are borne initially by the employees.

49.29 Sec. 28. **[353H.01] DEFINITIONS.**

49.30 Subdivision 1. **Terms.** For purposes of this chapter, unless the language or context
49.31 indicates that a different meaning is intended, the following terms have the meanings given.

50.1 The definitions in section 353.01 apply to this chapter unless the term is defined in this
50.2 section.

50.3 Subd. 2. **Executive director.** "Executive director" means the executive director of the
50.4 Public Employees Retirement Association appointed under section 353.03, subdivision 3a.

50.5 Subd. 3. **Fund.** "Fund" means the local government probation and telecommunicator
50.6 retirement fund.

50.7 Subd. 4. **General plan.** "General plan" means the general employees retirement plan of
50.8 the Public Employees Retirement Association.

50.9 Subd. 5. **Member.** "Member" means an individual identified as a member under section
50.10 353H.03 for whom retirement coverage is provided by the plan.

50.11 Subd. 6. **Normal retirement age.** "Normal retirement age" means age 60.

50.12 Subd. 7. **Offset amount.** "Offset amount" means an amount available to offset the cost
50.13 to purchase credit for past service upon the election by a member under section 353H.08,
50.14 if state funding becomes available.

50.15 Subd. 8. **Past service.** "Past service" means allowable service credited to a member
50.16 before January 1, 2027, and covered by the general plan that would have been service
50.17 covered by the local government probation and telecommunicator retirement plan had that
50.18 plan been in effect before January 1, 2027.

50.19 Subd. 9. **Plan.** "Plan" means the local government probation and telecommunicator
50.20 retirement plan of the Public Employees Retirement Association.

50.21 Subd. 10. **Probation officer.** "Probation officer" means an individual who the employer
50.22 certifies, in the form prescribed by the executive director, is a public employee as defined
50.23 in section 353.01 and:

50.24 (1) is employed as a probation officer by a county, community corrections agency, or
50.25 state probation agency and provides community supervision services with direct offender
50.26 contact; or

50.27 (2) directly supervises one or more individuals described in clause (1).

50.28 Subd. 11. **Public safety telecommunicator.** "Public safety telecommunicator" means
50.29 an individual who the employer certifies, in the form prescribed by the executive director,
50.30 is a public employee as defined in section 353.01, employed by a primary or secondary
50.31 public safety answering point and:

51.1 (1) serves as a first responder by receiving, assessing, or processing requests for assistance
51.2 from the public and other public safety partners and coordinates the appropriate public
51.3 safety response;

51.4 (2) as part of the individual's employment position, is assigned less than 50 percent of
51.5 the time to perform employment duties other than the duties described in clause (1); or

51.6 (3) directly supervises one or more individuals described in clause (1) or (2).

51.7 Subd. 12. **Vesting or vested.** "Vesting" or "vested" means obtaining or having obtained
51.8 a nonforfeitable entitlement to an annuity or benefit under the plan by having earned credit
51.9 for no less than three years of allowable service covered by the plan or the general plan.

51.10 Sec. 29. **[353H.02] ADMINISTRATION AND FUND DISBURSEMENT.**

51.11 Subdivision 1. **Plan administration; fund.** (a) The plan is established as a separate plan
51.12 to be administered by the board of trustees of the association and the executive director.

51.13 (b) The board of trustees and the executive director must undertake activities in a manner
51.14 consistent with chapter 356A.

51.15 (c) The association must maintain a special fund to be known as the local government
51.16 probation and telecommunicator retirement fund.

51.17 Subd. 2. **Investment.** Assets of the fund must be deposited in the Minnesota combined
51.18 investment fund as provided under section 11A.14, if applicable, or otherwise invested
51.19 under section 11A.23.

51.20 Subd. 3. **Fund disbursement restricted.** (a) The fund may be disbursed only for the
51.21 purposes provided for under this chapter.

51.22 (b) The proportional share of the necessary and reasonable administrative expenses of
51.23 the association and any benefits provided under this chapter must be paid from the fund.
51.24 Retirement annuities, disability benefits, survivor benefits, and any refunds of accumulated
51.25 deductions may only be paid from the fund after those needs have been certified by the
51.26 executive director.

51.27 (c) The amounts necessary to make the payments from the fund are annually appropriated
51.28 from the fund for those purposes.

51.29 Sec. 30. **[353H.03] MEMBERSHIP.**

51.30 (a) The members of the plan are probation officers and public safety telecommunicators.

52.1 (b) A probation officer or public safety telecommunicator who first became a public
52.2 employee or a member of a pension fund listed in section 356.30, subdivision 3, before July
52.3 1, 1989, is not eligible to participate as a member of the plan.

52.4 Sec. 31. [353H.04] CONTRIBUTIONS.

52.5 Subdivision 1. **Member contributions.** (a) A member must make employee contributions
52.6 equal to 8.82 percent of the member's salary.

52.7 (b) Employee contributions must be made by deduction from the member's salary, as
52.8 defined in section 353.01, subdivision 10, in the manner provided in section 353.27,
52.9 subdivision 4. If any portion of a member's salary is paid from a source other than public
52.10 funds, the member's employee contribution must be based on the total salary received by
52.11 the member from all sources.

52.12 Subd. 2. **Employer contributions.** (a) The employer of a member must make employer
52.13 contributions equal to 7.5 percent of the member's salary.

52.14 (b) Employer contributions must be made from money available to the employing
52.15 subdivision by the means and in the manner provided under section 353.28.

52.16 Subd. 3. **Deposit of contributions.** Employee contributions under subdivision 1, employer
52.17 contributions under subdivision 2, and other amounts authorized by law, including investment
52.18 return on invested fund assets, must be deposited in the fund.

52.19 Subd. 4. **Collection, correction, and reporting of contributions.** The requirements
52.20 and procedures under sections 353.27 and 353.28 apply to employee and employer
52.21 contributions under this section.

52.22 Sec. 32. [353H.05] RETIREMENT ANNUITY.

52.23 Subdivision 1. **Normal retirement annuity.** After termination of public service, a
52.24 member who has attained at least normal retirement age and is vested is entitled, upon
52.25 application, to a normal retirement annuity. The normal retirement annuity is equal to the
52.26 member's average salary multiplied by 1.9 percent for each year of allowable service.

52.27 Subd. 2. **Optional annuity; bounce-back annuity.** (a) Instead of a normal retirement
52.28 annuity under subdivision 1, a member may elect to receive an optional annuity under
52.29 section 353.30, subdivision 3.

52.30 (b) A bounce-back annuity under section 353.30, subdivisions 3a and 3c, applies to an
52.31 annuity under this section or a disability benefit under section 353H.06.

53.1 Subd. 3. **Early retirement annuity.** After termination of public service, a member who
53.2 is vested and at least 55 years of age, but not yet normal retirement age, is entitled, upon
53.3 application, to an early retirement annuity that is actuarially equivalent to the normal
53.4 retirement annuity.

53.5 Subd. 4. **Allowable service in other retirement plans.** If a member has earned allowable
53.6 service in the general plan, the public employees police and fire retirement plan, or the
53.7 public employees local government correctional service retirement plan before or after
53.8 participation under this chapter, the retirement annuity under the plan or plans must be
53.9 computed in accordance with the formula specified in sections 353.29 and 353.30, 353.651,
53.10 or 353E.04, whichever applies.

53.11 Subd. 5. **Application; annuity starting date; annuity duration.** Upon application
53.12 under section 353.29, subdivision 4, the retirement annuity under this section begins as
53.13 provided in section 353.29, subdivision 7. The retirement annuity is payable for the life of
53.14 the recipient or in accordance with the terms of any optional annuity form selected by the
53.15 member.

53.16 Subd. 6. **Payment of annuities and benefits earned under the general plan.** The
53.17 executive director must pay a retirement annuity or benefit as provided under chapter 353
53.18 to a member of the plan from the assets of the fund if the member was transferred from the
53.19 general plan to the plan on January 1, 2027, and had allowable service under the general
53.20 plan.

53.21 Subd. 7. **Postretirement adjustment eligibility.** An annuity under this section is eligible
53.22 for postretirement adjustments under section 356.415.

53.23 Sec. 33. **[353H.06] DISABILITY BENEFITS.**

53.24 A vested member who becomes totally and permanently disabled as defined in section
53.25 353.01, subdivision 19, before normal retirement age is entitled to a disability benefit on
53.26 the same basis as a member of the general plan under sections 353.031, 353.33, and 353.335.

53.27 Sec. 34. **[353H.07] SURVIVOR BENEFITS.**

53.28 Upon the death of a member, survivor benefits are payable as provided under section
53.29 353.32 on the same basis as a member of the general plan.

54.1 **Sec. 35. [353H.08] PURCHASE OF CREDIT FOR PAST SERVICE.**

54.2 **Subdivision 1. Purchase of credit for past service. (a) A member is entitled to elect a**
54.3 **onetime purchase of credit for periods of past service to be added to the member's allowable**
54.4 **service covered by this section and used in calculating the member's retirement annuity.**
54.5 **The member must repay any refunds of employee contributions previously received from**
54.6 **the general plan before making a purchase of past service credit under this section.**

54.7 **(b) A member may request an estimate of the cost of a service credit purchase under**
54.8 **this paragraph.**

54.9 **(1) A member may file a request with the executive director for an estimate of the**
54.10 **purchase price for up to three different periods of past service by filing an application on a**
54.11 **form approved by the executive director.**

54.12 **(2) The member must file the request for an estimate prior to filing an election to purchase**
54.13 **past service under paragraph (c).**

54.14 **(3) The member must submit, with the estimate request, payment of the administrative**
54.15 **fee in the amount of \$250 to cover the cost of preparing the estimates. If the member proceeds**
54.16 **with the purchase, the executive director must credit the administrative fee toward the**
54.17 **purchase price.**

54.18 **(4) The executive director must estimate the purchase price using the assumptions and**
54.19 **applying any offset amount as directed under subdivision 2 for the periods of past service**
54.20 **requested by the member and provide the estimates to the member.**

54.21 **(c) To purchase credit for past service, a member must file an application with the**
54.22 **executive director on a form approved by the executive director before the annuity starting**
54.23 **date of the member's retirement annuity or benefit. The application must:**

54.24 **(1) include documentation of the member's eligibility to make the purchase, signed**
54.25 **written permission to allow the executive director to request and receive verification of**
54.26 **applicable facts and eligibility requirements from the member's employer, and any other**
54.27 **relevant information the executive director may require;**

54.28 **(2) state the amount of credit for past service the member plans to purchase and be**
54.29 **accompanied by a certification from one or more employers that the past service fulfills the**
54.30 **requirements under section 353H.01, subdivision 8; and**

54.31 **(3) if the member did not previously pay the administrative fee under paragraph (b),**
54.32 **include payment of the administrative fee of \$250. If the member proceeds with the purchase,**
54.33 **the executive director must credit the administrative fee toward the purchase price.**

55.1 (d) The executive director must apply the assumptions and any offset amount under
55.2 subdivision 2 to calculate the purchase price and notify the member. If the member elects
55.3 to make the purchase of credit for past service, the member must arrange for the transfer of
55.4 pretax money from another retirement plan. Payment must be made in one lump sum before
55.5 the annuity starting date of the member's retirement annuity or benefit.

55.6 (e) Upon receipt of payment, the executive director must grant the member service credit
55.7 for the period of past service for which credit was purchased.

55.8 Subd. 2. **Determination of past service purchase price.** (a) The executive director
55.9 must calculate the purchase price for the period of past service elected by the member. The
55.10 purchase price is an amount equal to the actuarial present value, on the date of payment, of
55.11 the amount of the additional retirement annuity obtained by the additional service credit
55.12 being purchased minus any offset amount.

55.13 (b) The executive director must calculate the purchase price by:

55.14 (1) using the investment return assumption specified in section 356.215, subdivision 8,
55.15 and the mortality table in effect for the general plan;

55.16 (2) assuming continuous future service in the plan until the plan's minimum requirements
55.17 for normal retirement, or retirement with an annuity unreduced for retirement at an early
55.18 age, are met with the additional service credit purchased;

55.19 (3) assuming a full-time equivalent salary or actual salary, whichever is greater, and a
55.20 future salary history that includes annual salary increases at the applicable salary increase
55.21 rate for the plan; and

55.22 (4) reducing the amount determined under clauses (1) to (3) by any offset amount.

55.23 Sec. 36. Minnesota Statutes 2024, section 356.20, subdivision 2, is amended to read:

55.24 Subd. 2. **Covered public pension plans and funds.** This section applies to the following
55.25 public pension plans:

55.26 (1) the general state employees retirement plan of the Minnesota State Retirement System;

55.27 (2) the general employees retirement plan of the Public Employees Retirement
55.28 Association;

55.29 (3) the Teachers Retirement Association;

55.30 (4) the State Patrol retirement plan;

55.31 (5) the St. Paul Teachers Retirement Fund Association;

- 56.1 (6) the University of Minnesota faculty retirement plan;
- 56.2 (7) the University of Minnesota faculty supplemental retirement plan;
- 56.3 (8) the judges retirement fund;
- 56.4 (9) the Bloomington Fire Department Relief Association;
- 56.5 (10) a firefighters relief association governed by section 424A.091;
- 56.6 (11) the public employees police and fire plan of the Public Employees Retirement
- 56.7 Association;
- 56.8 (12) the correctional state employees retirement plan of the Minnesota State Retirement
- 56.9 System;
- 56.10 (13) the local government correctional service retirement plan of the Public Employees
- 56.11 Retirement Association; ~~and~~
- 56.12 (14) the statewide volunteer firefighter plan; and
- 56.13 (15) the local government probation and telecommunicator retirement plan of the Public
- 56.14 Employees Retirement Association.

56.15 Sec. 37. Minnesota Statutes 2024, section 356.214, subdivision 1, is amended to read:

56.16 Subdivision 1. **Actuary retention.** (a) The governing board or managing or administrative

56.17 official of each public pension plan and retirement fund or plan enumerated in paragraph

56.18 (b) shall contract with an established actuarial consulting firm to conduct annual actuarial

56.19 valuations and related services. The principal from the actuarial consulting firm on the

56.20 contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

56.21 (b) Actuarial services must include the preparation of actuarial valuations and related

56.22 actuarial work for the following retirement plans:

- 56.23 (1) the teachers retirement plan, Teachers Retirement Association;
- 56.24 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 56.25 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 56.26 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 56.27 (5) the judges retirement plan, Minnesota State Retirement System;
- 56.28 (6) the general employees retirement plan, Public Employees Retirement Association;
- 56.29 (7) the public employees police and fire plan, Public Employees Retirement Association;

57.1 (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;

57.2 (9) the legislators retirement plan, Minnesota State Retirement System; ~~and~~

57.3 (10) the local government correctional service retirement plan, Public Employees

57.4 Retirement Association; and

57.5 (11) the local government probation and telecommunicator retirement plan, Public

57.6 Employees Retirement Association.

57.7 (c) The actuarial valuation for the legislators retirement plan must include a separate

57.8 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage

57.9 under section 3A.17.

57.10 (d) The contracts must require completion of the annual actuarial valuation calculations

57.11 on a fiscal year basis, with the contents of the actuarial valuation calculations as specified

57.12 in section 356.215, and in conformity with the standards for actuarial work adopted by the

57.13 Legislative Commission on Pensions and Retirement.

57.14 The contracts must require completion of annual experience data collection and processing

57.15 and a quadrennial published experience study for the plans listed in paragraph (b), clauses

57.16 (1), (2), and (6), as provided for in the standards for actuarial work adopted by the

57.17 commission. The experience data collection, processing, and analysis must evaluate the

57.18 following:

57.19 (1) individual salary progression;

57.20 (2) the rate of return on investments based on the current asset value;

57.21 (3) payroll growth;

57.22 (4) mortality;

57.23 (5) retirement age;

57.24 (6) withdrawal; and

57.25 (7) disablement.

57.26 (e) The actuary shall annually prepare a report to the governing or managing board or

57.27 administrative official and the legislature, summarizing the results of the actuarial valuation

57.28 calculations. The actuary shall include with the report any recommendations concerning

57.29 the appropriateness of the support rates to achieve proper funding of the retirement plans

57.30 by the required funding dates. The actuary shall, as part of the quadrennial experience study,

58.1 include recommendations on the appropriateness of the actuarial valuation assumptions
 58.2 required for evaluation in the study.

58.3 (f) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates
 58.4 a persistent pattern of sizable gains or losses, the governing or managing board or
 58.5 administrative official shall direct the actuary to prepare a special experience study for a
 58.6 plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), in the manner provided
 58.7 for in the standards for actuarial work adopted by the commission.

58.8 Sec. 38. Minnesota Statutes 2025 Supplement, section 356.215, subdivision 8, is amended
 58.9 to read:

58.10 Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable
 58.11 following investment return assumption:

58.12	plan	investment return 58.13 assumption
58.14	general state employees retirement plan	7%
58.15	correctional state employees retirement plan	7
58.16	State Patrol retirement plan	7
58.17	legislators retirement plan, and for the	0
58.18	constitutional officers calculation of total plan	
58.19	liabilities	
58.20	judges retirement plan	7
58.21	general public employees retirement plan	7
58.22	public employees police and fire retirement plan	7
58.23	local government correctional service retirement	7
58.24	plan	
58.25	<u>local government probation and telecommunicator</u>	<u>7</u>
58.26	<u>retirement plan</u>	
58.27	teachers retirement plan	7
58.28	St. Paul teachers retirement plan	7
58.29	Bloomington Fire Department Relief Association	6
58.30	local monthly benefit volunteer firefighter relief	5
58.31	associations	
58.32	monthly benefit retirement plans in the statewide	6
58.33	volunteer firefighter retirement plan	

58.34 (b) The actuarial valuation for each of the covered retirement plans listed in section
 58.35 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
 58.36 into account the postretirement adjustment rate or rates applicable to the plan as specified
 58.37 in section 354A.29, subdivision 7, or 356.415, whichever applies.

59.1 (c) The actuarial valuation must use the applicable salary increase and payroll growth
59.2 assumptions found in the appendix to the standards for actuarial work. The appendix must
59.3 be updated whenever new assumptions have been approved or deemed approved under
59.4 subdivision 18.

59.5 (d) The assumptions set forth in the appendix to the standards for actuarial work continue
59.6 to apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

59.12 Sec. 39. Minnesota Statutes 2024, section 356.302, subdivision 1, is amended to read:

59.13 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
59.14 subdivision.

59.15 (b) "Average salary" means the highest average of covered salary for the appropriate
59.16 period of credited service that is required for the calculation of a disability benefit by the
59.17 covered retirement plan and that is drawn from any period of credited service and successive
59.18 years of covered salary in a covered retirement plan.

59.19 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

59.20 (d) "Duty-related" means a disabling illness or injury that occurred while the person was
59.21 actively engaged in employment duties or that arose out of the person's active employment
59.22 duties.

59.23 (e) "General employee retirement plan" means a covered retirement plan listed in
59.24 subdivision 7, clauses (1) to ~~(6)~~ and ~~(11)~~ (5), (10), and (11).

59.25 (f) "Occupationally disabled" means the condition of having a medically determinable
59.26 physical or mental impairment that makes a person unable to satisfactorily perform the
59.27 minimum requirements of the person's employment position or a substantially similar
59.28 employment position.

59.29 (g) "Public safety employee retirement plan" means a covered retirement plan listed in
59.30 subdivision 7, clauses ~~(7)~~ (6) to ~~(10)~~ (9).

60.1 (h) "Totally and permanently disabled" means the condition of having a medically
60.2 determinable physical or mental impairment that makes a person unable to engage in any
60.3 substantial gainful activity and that is expected to continue or has continued for a period of
60.4 at least one year or that is expected to result directly in the person's death.

60.5 Sec. 40. Minnesota Statutes 2024, section 356.302, subdivision 7, is amended to read:

60.6 Subd. 7. **Covered retirement plans.** This section applies to the following retirement
60.7 plans:

60.8 (1) the general state employees retirement plan of the Minnesota State Retirement System,
60.9 established by chapter 352;

60.10 (2) the unclassified state employees retirement program of the Minnesota State Retirement
60.11 System, established by chapter 352D;

60.12 (3) the general employees retirement plan of the Public Employees Retirement
60.13 Association, established by chapter 353;

60.14 (4) the Teachers Retirement Association, established by chapter 354;

60.15 (5) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

60.16 (6) the state correctional employees retirement plan of the Minnesota State Retirement
60.17 System, established by chapter 352;

60.18 (7) the State Patrol retirement plan, established by chapter 352B;

60.19 (8) the public employees police and fire plan of the Public Employees Retirement
60.20 Association, established by chapter 353;

60.21 (9) the local government correctional service retirement plan of the Public Employees
60.22 Retirement Association, established by chapter 353E; ~~and~~

60.23 (10) the judges retirement plan, established by chapter 490-; and

60.24 (11) the local government probation and telecommunicator retirement plan of the Public
60.25 Employees Retirement Association, established by chapter 353H.

60.26 Sec. 41. Minnesota Statutes 2024, section 356.303, subdivision 4, is amended to read:

60.27 Subd. 4. **Covered retirement plans.** This section applies to the following retirement
60.28 plans:

60.29 (1) the legislators retirement plan, established by chapter 3A;

- 61.1 (2) the general state employees retirement plan of the Minnesota State Retirement System,
61.2 established by chapter 352;
- 61.3 (3) the correctional state employees retirement plan of the Minnesota State Retirement
61.4 System, established by chapter 352;
- 61.5 (4) the State Patrol retirement plan, established by chapter 352B;
- 61.6 (5) the elective state officers retirement plan, established by chapter 352C;
- 61.7 (6) the unclassified state employees retirement program, established by chapter 352D;
- 61.8 (7) the general employees retirement plan of the Public Employees Retirement
61.9 Association, established by chapter 353;
- 61.10 (8) the public employees police and fire plan of the Public Employees Retirement
61.11 Association, established by chapter 353;
- 61.12 (9) the local government correctional service retirement plan of the Public Employees
61.13 Retirement Association, established by chapter 353E;
- 61.14 (10) the Teachers Retirement Association, established by chapter 354;
- 61.15 (11) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- 61.16 ~~and~~
- 61.17 (12) the judges retirement fund, established by chapter 490.; and
- 61.18 (13) the local government probation and telecommunicator retirement plan of the Public
61.19 Employees Retirement Association, established by chapter 353H.

61.20 Sec. 42. Minnesota Statutes 2024, section 356.315, subdivision 9, is amended to read:

61.21 Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit accrual
61.22 rate increases under section 352.115, subdivision 3; 352.87, subdivision 3; 352.93,
61.23 subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10, subdivision 1;
61.24 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1, 1a, or 3a; 353E.04,
61.25 subdivision 3; 353E.06, subdivision 1; 353H.05, subdivision 1; 354.44, subdivision 6;
61.26 354A.31, subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124,
61.27 subdivision 1, must apply only to allowable service or formula service rendered after the
61.28 effective date of the benefit accrual rate increase.

62.1 Sec. 43. Minnesota Statutes 2024, section 356.32, subdivision 2, is amended to read:

62.2 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following
62.3 retirement plans:

62.4 (1) the general state employees retirement plan of the Minnesota State Retirement System,
62.5 established under chapter 352;

62.6 (2) the correctional state employees retirement plan of the Minnesota State Retirement
62.7 System, established under chapter 352;

62.8 (3) the State Patrol retirement plan, established under chapter 352B;

62.9 (4) the general employees retirement plan of the Public Employees Retirement
62.10 Association, established under chapter 353;

62.11 (5) the public employees police and fire plan of the Public Employees Retirement
62.12 Association, established under chapter 353;

62.13 (6) the local government correctional service retirement plan of the Public Employees
62.14 Retirement Association, established under chapter 353E;

62.15 (7) the Teachers Retirement Association, established under chapter 354; ~~and~~

62.16 (8) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;
62.17 and

62.18 (9) the local government probation and telecommunicator retirement plan of the Public
62.19 Employees Retirement Association, established under chapter 353H.

62.20 Sec. 44. Minnesota Statutes 2024, section 356.401, subdivision 3, is amended to read:

62.21 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following
62.22 retirement plans:

62.23 (1) the legislators retirement plan, established by chapter 3A, including constitutional
62.24 officers as specified in that chapter;

62.25 (2) the general state employees retirement plan of the Minnesota State Retirement System,
62.26 established by chapter 352;

62.27 (3) the correctional state employees retirement plan of the Minnesota State Retirement
62.28 System, established by chapter 352;

62.29 (4) the State Patrol retirement plan, established by chapter 352B;

62.30 (5) the unclassified state employees retirement program, established by chapter 352D;

- 63.1 (6) the general employees retirement plan of the Public Employees Retirement
63.2 Association, established by chapter 353;
- 63.3 (7) the public employees police and fire plan of the Public Employees Retirement
63.4 Association, established by chapter 353;
- 63.5 (8) the public employees defined contribution plan, established by chapter 353D;
- 63.6 (9) the local government correctional service retirement plan of the Public Employees
63.7 Retirement Association, established by chapter 353E;
- 63.8 (10) the statewide lump-sum volunteer firefighter plan, established by chapter 353G;
- 63.9 (11) the Teachers Retirement Association, established by chapter 354;
- 63.10 (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- 63.11 (13) the individual retirement account plan, established by chapter 354B;
- 63.12 (14) the higher education supplemental retirement plan, established by chapter 354C;
- 63.13 ~~and~~
- 63.14 (15) the judges retirement fund, established by chapter 490-; and
- 63.15 (16) the local government probation and telecommunicator retirement plan of the Public
63.16 Employees Retirement Association, established by chapter 353H.

63.17 Sec. 45. Minnesota Statutes 2024, section 356.415, is amended by adding a subdivision
63.18 to read:

63.19 Subd. 1h. Annual postretirement adjustments; Public Employees Retirement
63.20 Association; local government probation and telecommunicator plan. (a) Annuities,
63.21 disability benefits, and survivor benefits paid from the local government probation and
63.22 telecommunicator retirement plan of the Public Employees Retirement Association must
63.23 be increased, effective as of January 1, each year by the percentage of increase determined
63.24 under this subdivision. The increase to the annuity or benefit must be determined by
63.25 multiplying the monthly amount of the annuity or benefit by the percentage of increase
63.26 specified in paragraph (b) after taking into account any reduction to the percentage or
63.27 increase required under paragraph (d).

63.28 (b) Effective January 1, 2027, and each January 1 thereafter, the percentage of increase
63.29 is one percent unless the federal Social Security Administration has announced a
63.30 cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last
63.31 quarter of the preceding calendar year that is greater than one percent. If the cost-of-living

64.1 adjustment announced by the federal Social Security Administration is greater than one
64.2 percent, the percentage of increase must be the same as the cost-of-living adjustment
64.3 announced. The percentage of increase must not exceed the applicable maximum percentage
64.4 under paragraph (c).

64.5 (c) On January 1 each year, the applicable maximum percentage is 1.75 percent. The
64.6 applicable maximum percentage is 1.5 percent if:

64.7 (1) the market value of assets is equal to or less than 85 percent of the actuarial accrued
64.8 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial
64.9 valuations; or

64.10 (2) the market value of assets is equal to or less than 80 percent of the actuarial accrued
64.11 liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

64.12 (d)(1) If the recipient of an annuity, disability benefit, or survivor benefit has been
64.13 receiving the annuity or benefit for at least 12 months as of June 30 of the calendar year
64.14 immediately preceding the effective date of the increase, there is no reduction in the
64.15 percentage of increase.

64.16 (2) If the recipient of an annuity, disability benefit, or survivor benefit has been receiving
64.17 the annuity or benefit for at least one month, but less than 12 months, as of June 30 of the
64.18 calendar year immediately preceding the effective date of the increase, the percentage of
64.19 increase is multiplied by a ratio of the number of months the annuity or benefit was received
64.20 as of June 30 of the preceding calendar year to 12.

64.21 (e) An increase in annuity or benefit payments under this subdivision must be made
64.22 automatically unless written notice is filed by the recipient with the executive director of
64.23 the Public Employees Retirement Association requesting that the increase not be made.

64.24 Sec. 46. Minnesota Statutes 2024, section 356.415, subdivision 2, is amended to read:

64.25 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following
64.26 retirement plans:

64.27 (1) the legislators retirement plan₂, established under chapter 3A, including constitutional
64.28 officers as specified in that chapter;

64.29 (2) the correctional state employees retirement plan of the Minnesota State Retirement
64.30 System₂, established under chapter 352;

64.31 (3) the general state employees retirement plan of the Minnesota State Retirement System₂,
64.32 established under chapter 352;

- 65.1 (4) the State Patrol retirement plan, established under chapter 352B;
- 65.2 (5) the general employees retirement plan of the Public Employees Retirement
65.3 Association, established under chapter 353;
- 65.4 (6) the public employees police and fire retirement plan of the Public Employees
65.5 Retirement Association, established under chapter 353;
- 65.6 (7) the local government correctional employees retirement plan of the Public Employees
65.7 Retirement Association, established under chapter 353E;
- 65.8 (8) the teachers retirement plan, established under chapter 354; ~~and~~
- 65.9 (9) the judges retirement plan, established under chapter 490; and
- 65.10 (10) the local government probation and telecommunicator retirement plan of the Public
65.11 Employees Retirement Association, established under chapter 353H.
- 65.12 Sec. 47. Minnesota Statutes 2024, section 356.461, subdivision 2, is amended to read:
- 65.13 Subd. 2. **Covered plans.** This section applies to the following retirement plans:
- 65.14 (1) the legislators retirement plan, established under chapter 3A, including constitutional
65.15 officers as specified in that chapter;
- 65.16 (2) the correctional state employees retirement plan of the Minnesota State Retirement
65.17 System, established under chapter 352;
- 65.18 (3) the general state employees retirement plan of the Minnesota State Retirement System,
65.19 established under chapter 352;
- 65.20 (4) the State Patrol retirement plan, established under chapter 352B;
- 65.21 (5) the unclassified state employees retirement program of the Minnesota State Retirement
65.22 System, established under chapter 352D;
- 65.23 (6) the judges retirement plan, established under chapter 490;
- 65.24 (7) the general employees retirement plan of the Public Employees Retirement
65.25 Association, established under chapter 353;
- 65.26 (8) the public employees police and fire retirement plan of the Public Employees
65.27 Retirement Association, established under chapter 353;
- 65.28 (9) the local government correctional service retirement plan of the Public Employees
65.29 Retirement Association, established under chapter 353E; ~~and~~
- 65.30 (10) the Teachers Retirement Association, established under chapter 354; and

66.1 (11) the local government probation and telecommunicator retirement plan of the Public
66.2 Employees Retirement Association, established under chapter 353H.

66.3 Sec. 48. Minnesota Statutes 2024, section 356.465, subdivision 3, is amended to read:

66.4 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following
66.5 retirement plans:

66.6 (1) the general state employees retirement plan of the Minnesota State Retirement System,
66.7 established under chapter 352;

66.8 (2) the correctional state employees retirement plan of the Minnesota State Retirement
66.9 System, established under chapter 352;

66.10 (3) the State Patrol retirement plan, established under chapter 352B;

66.11 (4) the legislators retirement plan, established under chapter 3A;

66.12 (5) the judges retirement plan, established under chapter 490;

66.13 (6) the general employees retirement plan of the Public Employees Retirement
66.14 Association, established under chapter 353;

66.15 (7) the public employees police and fire plan of the Public Employees Retirement
66.16 Association, established under chapter 353;

66.17 (8) the teachers retirement plan, established under chapter 354;

66.18 (9) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;
66.19 ~~and~~

66.20 (10) the local government correctional service retirement plan of the Public Employees
66.21 Retirement Association, established under chapter 353E; and

66.22 (11) the local government probation and telecommunicator retirement plan of the Public
66.23 Employees Retirement Association, established under chapter 353H.

66.24 Sec. 49. Minnesota Statutes 2024, section 356.47, subdivision 3, is amended to read:

66.25 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period
66.26 ends relating to the reemployment that gave rise to the limitation, and the filing of a written
66.27 application, the retired member is entitled to the payment, in a lump sum, of the value of
66.28 the person's amount under subdivision 2, plus annual compound interest. For the general
66.29 state employees retirement plan, the correctional state employees retirement plan, the general
66.30 employees retirement plan of the Public Employees Retirement Association, the public

67.1 employees police and fire retirement plan, the local government correctional employees
67.2 retirement plan, the local government probation and telecommunicator retirement plan, and
67.3 the teachers retirement plan, the annual interest rate is six percent from the date on which
67.4 the amount was deducted from the retirement annuity to the date of payment or until January
67.5 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the St. Paul Teachers
67.6 Retirement Fund Association, the annual interest is the rate of six percent from the date that
67.7 the amount was deducted from the retirement annuity to the date of payment or June 30,
67.8 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

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

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

67.15 (d) If the amount under subdivision 2 is an eligible rollover distribution as defined in
67.16 section 356.633, subdivision 1, paragraph (d), the applicable retirement plan shall provide
67.17 notice and an election:

67.18 (1) to the member regarding the member's right to elect a direct rollover under section
67.19 356.633, subdivisions 1 and 2, in lieu of a direct payment; or

67.20 (2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee
67.21 as defined in section 356.633, subdivision 1, paragraph (b), to the distributee regarding the
67.22 distributee's right to elect a direct rollover under section 356.633, subdivisions 1 and 2, in
67.23 lieu of a direct payment.

67.24 Sec. 50. Minnesota Statutes 2024, section 356.48, subdivision 1, is amended to read:

67.25 Subdivision 1. **Covered plans.** This section applies to the following retirement plans:

67.26 (1) the general state employees retirement plan of the Minnesota State Retirement System,
67.27 established under chapter 352;

67.28 (2) the correctional state employees retirement plan of the Minnesota State Retirement
67.29 System, established under chapter 352;

67.30 (3) the State Patrol retirement plan, established under chapter 352B;

67.31 (4) the unclassified state employees retirement program of the Minnesota State Retirement
67.32 System, established under chapter 352D;

68.1 (5) the general employee retirement plan of the Public Employees Retirement Association,
68.2 established under chapter 353;

68.3 (6) the public employees police and fire retirement plan, established under chapter 353;

68.4 (7) the local government correctional employees retirement plan of the Public Employees
68.5 Retirement Association, established under chapter 353E;

68.6 (8) the Teachers Retirement Association, established under chapter 354;

68.7 (9) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;

68.8 ~~and~~

68.9 (10) the uniform judicial retirement plan, established under chapter 490.; and

68.10 (11) the local government probation and telecommunicator retirement plan of the Public
68.11 Employees Retirement Association, established under chapter 353H.

68.12 Sec. 51. Minnesota Statutes 2024, section 356.611, subdivision 6, is amended to read:

68.13 Subd. 6. **Covered retirement plan.** As used in this section, "covered retirement plan"
68.14 means any of the following plans:

68.15 (1) the legislator's retirement plan, established by chapter 3A, including constitutional
68.16 officers as specified in that chapter;

68.17 (2) the general state employees retirement plan of the Minnesota State Retirement System,
68.18 established by chapter 352;

68.19 (3) the correctional state employees retirement plan of the Minnesota State Retirement
68.20 System, established by chapter 352;

68.21 (4) the State Patrol retirement plan, established by chapter 352B;

68.22 (5) the unclassified state employees retirement plan, established by chapter 352D;

68.23 (6) the general employees retirement plan of the Public Employees Retirement
68.24 Association, established by chapter 353;

68.25 (7) the public employees police and fire retirement plan of the Public Employees
68.26 Retirement Association, established by chapter 353;

68.27 (8) the public employees defined contribution plan, established by chapter 353D;

68.28 (9) the local government correctional service retirement plan of the Public Employees
68.29 Retirement Association, established by chapter 353E;

68.30 (10) the statewide volunteer firefighter retirement plan, established by chapter 353G;

- 69.1 (11) the Teachers Retirement Association, established by chapter 354;
- 69.2 (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- 69.3 (13) the higher education individual retirement account plan, established by chapter
- 69.4 354B;
- 69.5 (14) the higher education supplemental retirement plan, established by chapter 354C;
- 69.6 (15) a retirement plan of a volunteer firefighter retirement association subject to chapter
- 69.7 424A;
- 69.8 (16) the judges retirement plan, established by chapter 490; ~~or~~
- 69.9 (17) the Bloomington Fire Department Relief Association governed by Laws 2013,
- 69.10 chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws
- 69.11 1965, chapter 446, as amended; or
- 69.12 (18) the local government probation and telecommunicator retirement plan of the Public
- 69.13 Employees Retirement Association, established under chapter 353H.

69.14 Sec. 52. **TRANSFER OF ASSETS.**

69.15 Subdivision 1. Definitions. (a) For purposes of this section, unless the language or

69.16 context indicates that a different meaning is intended, the following terms have the meanings

69.17 given.

69.18 (b) "Executive director" means the executive director of the Public Employees Retirement

69.19 Association appointed under Minnesota Statutes, section 353.03, subdivision 3a.

69.20 (c) "General plan" means the general employees retirement plan of the Public Employees

69.21 Retirement Association.

69.22 (d) "Probation and telecommunicator plan" means the local government probation and

69.23 telecommunicator retirement plan of the Public Employees Retirement Association.

69.24 Subd. 2. Transfer of assets. (a) No later than 15 days after January 1, 2027, the assets

69.25 attributable to the members of the general plan whose retirement plan coverage is transferred

69.26 from the general plan to the probation and telecommunicator plan on January 1, 2027, must

69.27 be transferred from the general employees retirement fund to the local government probation

69.28 and telecommunicator retirement fund.

69.29 (b) The executive director must direct the actuary retained by the Public Employees

69.30 Retirement Association under Minnesota Statutes, section 356.214, subdivision 1, to calculate

69.31 the amount of assets to be transferred under paragraph (a). The amount of assets to be

70.1 transferred must be calculated as provided in the applicable appendix to the standards for
70.2 actuarial work adopted under Minnesota Statutes, section 3.85, subdivision 10.

70.3 **EFFECTIVE DATE.** This section is effective January 1, 2027.

70.4 Sec. 53. **EFFECTIVE DATE.**

70.5 Sections 1 to 44 and sections 46 to 52 are effective January 1, 2027. Section 45 is effective
70.6 for postretirement adjustments beginning on or after January 1, 2027.

70.7 **ARTICLE 6**

70.8 **PROBATION AND TELECOMMUNICATOR PLANS; TRANSFERS FROM THE**
70.9 **GENERAL FUND; TEMPORARY REDUCTION IN EMPLOYEE CONTRIBUTION**
70.10 **RATES**

70.11 Section 1. **TRANSFERS FROM THE GENERAL FUND TO THE PENSION FUNDS**
70.12 **FOR PROBATION OFFICERS AND TELECOMMUNICATORS.**

70.13 Subdivision 1. **Transfer to the local government probation and telecommunicator**
70.14 **retirement fund.** \$2,610,000 in fiscal year 2027 is transferred from the general fund to the
70.15 local government probation and telecommunicator retirement fund established by Minnesota
70.16 Statutes, section 353H.02, subdivision 1. This is a onetime transfer. This transfer must be
70.17 made no later than January 15, 2027.

70.18 Subd. 2. **Transfer to the general state employees retirement fund.** \$390,000 in fiscal
70.19 year 2027 is transferred from the general fund to the general state employees retirement
70.20 fund established by Minnesota Statutes, section 352.04, subdivision 1, for the benefit of the
70.21 probation officers and public safety telecommunicators as defined by Minnesota Statutes,
70.22 section 352.88, subdivision 2, clauses (i) and (j), respectively. This is a onetime transfer.
70.23 This transfer must be made no later than January 15, 2027.

70.24 Sec. 2. **TEMPORARY REDUCTION OF EMPLOYEE CONTRIBUTION RATES.**

70.25 Subdivision 1. **Employee contributions to the MSRS probation and telecommunicator**
70.26 **subplan.** The additional employee contribution required under Minnesota Statutes, section
70.27 352.88, subdivision 5, paragraph (a), is reduced from 2.71 percent of salary to two percent
70.28 of salary through August 31, 2028.

70.29 Subd. 2. **Employee contributions to the PERA probation and telecommunicator**
70.30 **plan.** The employee contribution required under Minnesota Statutes, section 353H.04,
70.31 subdivision 1, paragraph (a), is reduced from 8.82 percent of salary to eight percent of salary
70.32 through August 31, 2028.

71.1 Subd. 3. **Expiration.** This section expires September 1, 2028.

71.2 Sec. 3. **EFFECTIVE DATE.**

71.3 Sections 1 and 2 are effective January 1, 2027.

71.4 **ARTICLE 7**

71.5 **VOLUNTEER FIREFIGHTERS**

71.6 Section 1. Minnesota Statutes 2024, section 353G.02, subdivision 4, is amended to read:

71.7 Subd. 4. **Periodic audit; biennial actuarial valuation; ~~biennial~~ annual funding**

71.8 **report.** (a) The legislative auditor shall periodically audit the retirement fund.

71.9 (b) The executive director must retain an approved actuary under section 356.214 to
71.10 perform biennial actuarial valuations of each fire department account in the monthly division.

71.11 The actuarial valuation must conform with section 356.215 and the standards for actuarial
71.12 work. The actuarial valuation must contain sufficient detail for each participating employer
71.13 to ascertain the actuarial condition of its account in the retirement fund and the amount of
71.14 its required contribution to the account.

71.15 (c) The executive director must perform ~~biennial~~ annual funding assessments of each
71.16 fire department account in the ~~lump-sum division~~ defined benefit plan. The assessment must
71.17 comply with section 353G.08, subdivision 1 or 1a, as applicable.

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

71.19 Sec. 2. Minnesota Statutes 2024, section 353G.08, subdivision 1, is amended to read:

71.20 Subdivision 1. **~~Biennial~~ Annual funding reports; lump-sum division.** (a) The executive
71.21 director must annually determine the funding requirements for each fire department account
71.22 in the lump-sum division on or before August 1 ~~every other year~~. The funding requirements
71.23 computed under this subdivision must be determined using a mathematical procedure
71.24 developed and certified as accurate by the approved actuary retained by the association and
71.25 must be based on present value factors using a six percent investment return rate, without
71.26 any decrement assumptions. The executive director must provide written notice of the
71.27 funding requirements to the entity or entities associated with the fire department whose
71.28 active firefighters are covered by the plan.

71.29 (b) The overall funding balance of each fire department account for the current calendar
71.30 year must be determined in the following manner:

72.1 (1) The total accrued liability for all active and deferred members of the fire department
72.2 as of December 31 of the current year must be calculated based on the service credit of
72.3 active and deferred members as of that date.

72.4 (2) The assets of the fire department account projected to December 31 of the current
72.5 year, including receipts by and disbursements from the account anticipated to occur on or
72.6 before December 31, must be calculated. The executive director must begin phasing in the
72.7 use of actuarial value of assets in making this calculation beginning with the funding reports
72.8 for 2026.

72.9 (3) The amount of the assets calculated under clause (2) must be subtracted from the
72.10 amount of the total accrued liability calculated under clause (1). If the amount of the assets
72.11 exceeds the amount of the total accrued liability, then the account is considered to have a
72.12 surplus over full funding. If the amount of the assets is less than the amount of the total
72.13 accrued liability, then the account is considered to have a deficit from full funding. If the
72.14 amount of assets is equal to the amount of the total accrued liability, then the account is
72.15 considered to be fully funded.

72.16 (c) The financial requirements of each fire department for the following calendar year
72.17 must be determined in the following manner:

72.18 (1) The total accrued liability for all active and deferred members of the fire department
72.19 as of December 31 of the calendar year next following the current calendar year must be
72.20 calculated based on the service used in the calculation under paragraph (b), clause (1),
72.21 increased by one year.

72.22 (2) The increase in the total accrued liability of the account for the following calendar
72.23 year over the total accrued liability of the account for the current year must be calculated.

72.24 (3) The amount of administrative expenses of the account must be calculated by
72.25 multiplying the per-person dollar amount of the administrative expenses for the most recent
72.26 prior calendar year by the number of active and deferred firefighters reported to the
72.27 association on the most recent service credit certification form for the account.

72.28 (4) If the account is fully funded, the financial requirement of the account for the
72.29 following calendar year is the total of the amounts calculated under clauses (2) and (3).

72.30 (5) If the account has a deficit from full funding, the financial requirement of the account
72.31 for the following calendar year is the total of the amounts calculated under clauses (2) and
72.32 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the
72.33 account.

73.1 (6) If the account has a surplus over full funding, the financial requirement of the account
 73.2 for the following calendar year is the financial requirement of the account calculated as
 73.3 though the account was fully funded under clause (4) and, if the account has also had a
 73.4 surplus over full funding during the prior two years, additionally reduced by an amount
 73.5 equal to one-tenth of the amount of the surplus over full funding of the account.

73.6 (d) The required contribution of the entity or entities associated with the fire department
 73.7 whose active firefighters are covered by the lump-sum division is the annual financial
 73.8 requirements of the fire department account under paragraph (c) reduced by the amount of
 73.9 any fire state aid payable under chapter 477B or police and firefighter retirement
 73.10 supplemental state aid payable under section 423A.022 that is reasonably anticipated to be
 73.11 received by the retirement plan attributable to the entity or entities during the following
 73.12 calendar year, and an amount of investment earnings on the assets projected to be received
 73.13 during the following calendar year calculated at the rate of six percent per annum. The
 73.14 required contribution must be allocated between the entities if more than one entity is
 73.15 involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed
 73.16 the fire state aid received in the prior year multiplied by the factor 1.035.

73.17 ~~(e) The financial requirement for each fire department account in the lump-sum division~~
 73.18 ~~for the second year of the biennial valuation period must be in the amount determined in~~
 73.19 ~~paragraph (d) increased by six percent, but no more than the excess, if any, of the amount~~
 73.20 ~~determined under paragraph (e), clause (1), less the actual market value of assets in the fire~~
 73.21 ~~department account as of that date.~~

73.22 ~~(f)~~ (e) The required contribution calculated in paragraph (d) must be paid to the retirement
 73.23 plan on or before December 31 of the year for which it was calculated. If the contribution
 73.24 is not received by the plan by December 31, it is payable with interest at an annual compound
 73.25 rate of six percent from the date due until the date payment is received by the plan. If the
 73.26 entity does not pay the full amount of the required contribution, the executive director shall
 73.27 collect the unpaid amount under section 353.28, subdivision 6.

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

73.29 Sec. 3. Minnesota Statutes 2024, section 424A.001, subdivision 8, is amended to read:

73.30 Subd. 8. **Firefighting service.** "Firefighting service" means duties performed by
 73.31 firefighters and, if approved by the appropriate municipality or municipalities under section
 73.32 424A.01, duties performed by fire prevention personnel and volunteer emergency medical
 73.33 personnel.

74.1 **EFFECTIVE DATE.** This section is effective January 1, 2027.

74.2 Sec. 4. Minnesota Statutes 2024, section 424A.001, subdivision 9, is amended to read:

74.3 Subd. 9. **Separate from active service.** "Separate from active service" means ~~that a~~
74.4 ~~firefighter permanently ceases~~ ceasing to perform fire suppression duties and fire prevention
74.5 ~~duties and, permanently ceases to supervise fire suppression, and fire prevention duties~~ all
74.6 firefighting service with a particular fire department.

74.7 **EFFECTIVE DATE.** This section is effective January 1, 2027.

74.8 Sec. 5. Minnesota Statutes 2024, section 424A.001, subdivision 9a, is amended to read:

74.9 Subd. 9a. **Break in service.** "Break in service" means temporarily ceasing ~~all of the~~
74.10 ~~following~~ to perform and supervise all firefighting service with a particular fire department.

74.11 ~~(1) performing fire suppression duties;~~

74.12 ~~(2) performing fire prevention duties;~~

74.13 ~~(3) supervising fire suppression duties; and~~

74.14 ~~(4) supervising fire prevention duties.~~

74.15 **EFFECTIVE DATE.** This section is effective January 1, 2027.

74.16 Sec. 6. Minnesota Statutes 2024, section 424A.001, subdivision 9b, is amended to read:

74.17 Subd. 9b. **Firefighter.** "Firefighter" means a person who is a member of a fire department
74.18 and a volunteer firefighter, paid on-call firefighter, part-time firefighter, full-time firefighter,
74.19 career firefighter, or any combination thereof and who, in that capacity, engages in
74.20 firefighting service.

74.21 **EFFECTIVE DATE.** This section is effective January 1, 2027.

74.22 Sec. 7. **[424A.012] RETURN TO ACTIVE FIREFIGHTING SERVICE.**

74.23 Subdivision 1. **Return to active firefighting without prior receipt of pension or**
74.24 **benefit.** (a) This subdivision governs the service pension calculation requirements of a
74.25 firefighter who returns to active service after a break in service and who has not previously
74.26 been paid a service pension or disability benefit from the relief association. This subdivision
74.27 applies to all breaks in service, except that the resumption service requirements of this
74.28 subdivision do not apply to leaves of absence made available by federal or state statute.

75.1 (b) If a firefighter who has a break in service of any duration resumes performing active
75.2 firefighting with the fire department associated with the relief association and if permitted
75.3 in the bylaws of the relief association, the firefighter may again become an active member
75.4 of the relief association, subject to the requirements of this subdivision and the service
75.5 pension calculation requirements under this section.

75.6 (c) A firefighter who has been granted an approved leave of absence not exceeding one
75.7 year by the fire department or the relief association is exempt from any minimum period
75.8 of resumption service requirement established under paragraph (f).

75.9 (d) A firefighter who has a break in service not exceeding one year but has not been
75.10 granted an approved leave of absence may be made exempt from any minimum period of
75.11 resumption service requirement established under paragraph (f).

75.12 (e) A firefighter may qualify to receive a service pension from the relief association for
75.13 the original and resumption service periods if the firefighter:

75.14 (1) is a former firefighter who has not been paid a service pension or disability benefit;

75.15 (2) returns to active relief association membership under paragraph (b); and

75.16 (3) meets the service requirements of section 424A.016, subdivision 3, or 424A.02,
75.17 subdivision 2, as applicable, and as defined in the bylaws in effect on the date of the
75.18 firefighter's separation from active service, based on the original and resumption years of
75.19 service credit.

75.20 (f) A defined benefit relief association may define in the relief association's bylaws a
75.21 minimum period of resumption service requirement that applies to firefighters who return
75.22 to active membership and who have not been paid a service pension or disability benefit
75.23 for their original period of service. The service pension benefit level used to calculate any
75.24 service pension payable for both the original and resumption service periods is:

75.25 (1) the service pension benefit level in effect on the date of the firefighter's separation
75.26 from active resumption service if a minimum period of resumption service requirement is
75.27 defined in the bylaws and is completed prior to a firefighter's cessation of resumption service
75.28 or if no resumption service is defined in the bylaws; or

75.29 (2) the service pension benefit level in effect on the date of the firefighter's termination
75.30 of original service if a minimum period of resumption service requirement is defined in the
75.31 bylaws but is not completed prior to a firefighter's cessation of resumption service.

76.1 (g) Any service pension payable under this subdivision is less any amounts previously
76.2 forfeited under section 424A.016, subdivision 4, or 424A.02, subdivision 3, paragraph (c),
76.3 as applicable.

76.4 Subd. 2. Return to active firefighting after receipt of pension or benefit. (a) This
76.5 subdivision governs the service pension calculation requirements of a firefighter who resumes
76.6 performing active firefighting service with the fire department associated with the relief
76.7 association after being paid a service pension or disability benefit from the relief association.
76.8 The firefighter must wait at least 60 days following receipt of the pension or benefit before
76.9 resuming active firefighting service with the fire department and, if permitted in the bylaws
76.10 of the relief association, active membership in the relief association.

76.11 (b) A firefighter may qualify to receive a service pension from the relief association for
76.12 the resumption service period if the firefighter:

76.13 (1) is a former firefighter who has been paid a service pension or disability benefit or is
76.14 receiving a monthly benefit service pension;

76.15 (2) returns to active relief association membership; and

76.16 (3) meets the service requirements defined in the relief association's bylaws in effect on
76.17 the date of the firefighter's separation from active service and, as applicable:

76.18 (i) paragraph (g);

76.19 (ii) section 424A.016, subdivision 3; or

76.20 (iii) section 424A.02, subdivision 2.

76.21 (c) For defined benefit relief associations, the service pension for the resumption service
76.22 period must be calculated by applying the service pension benefit level in effect on the date
76.23 of the firefighter's termination of resumption service for all years of the resumption service.

76.24 (d) For defined contribution relief associations, the service pension for the resumption
76.25 service period must be calculated to include allocations credited to the firefighter's individual
76.26 account during the resumption period of service and deductions for administrative expenses,
76.27 if applicable.

76.28 (e) If provided in the bylaws, a firefighter who returns to active relief association
76.29 membership may continue to collect a monthly service pension from the relief association,
76.30 notwithstanding the requirement under section 424A.02, subdivision 1, that the firefighter
76.31 has separated from active service.

77.1 (f) If a firefighter receiving a monthly benefit service pension returns to active monthly
77.2 benefit relief association membership under paragraph (b):

77.3 (1) the firefighter's monthly service pension payments are suspended as of the first day
77.4 of the month next following the date on which the firefighter returns to active membership
77.5 if the relief association bylaws prohibit the firefighter from collecting a monthly service
77.6 pension;

77.7 (2) the firefighter is entitled to an additional monthly benefit service pension upon a
77.8 subsequent cessation of duties calculated based on the resumption service credit and the
77.9 service pension accrual amount in effect on the date of the termination of the resumption
77.10 service; and

77.11 (3) if the monthly service pension payments were suspended under clause (1), the
77.12 suspended initial service pension resumes as of the first of the month next following the
77.13 termination of the resumption service.

77.14 (g) A relief association may define in the relief association's bylaws vesting requirements
77.15 that apply solely to former firefighters who have been paid a service pension or disability
77.16 benefit and subsequently return to active relief association membership. If a relief association
77.17 elects to define vesting requirements that are applicable solely to these former firefighters,
77.18 the requirements may be different than the requirements for all other relief association
77.19 members and need not comply with the service requirements of section 424A.016, subdivision
77.20 3, or 424A.02, subdivision 2, as applicable, but cannot require more than 20 years of active
77.21 service for full vesting.

77.22 (h) No firefighter may be paid a service pension more than once for the same period of
77.23 service.

77.24 **EFFECTIVE DATE.** This section is effective January 1, 2027.

77.25 Sec. 8. Minnesota Statutes 2024, section 424A.014, subdivision 1, is amended to read:

77.26 Subdivision 1. **Financial report and audit.** (a) An annual financial report and audited
77.27 financial statements in accordance with paragraphs (c) to (e) must be submitted by the board
77.28 of trustees of the Bloomington Fire Department Relief Association and the board of trustees
77.29 of each firefighters relief association with special fund assets of at least ~~\$750,000~~ \$1,000,000
77.30 or special fund liabilities of at least ~~\$750,000~~ \$1,000,000, according to ~~any~~ the previous
77.31 year's financial report.

77.32 (b) The board of trustees of a firefighters relief association with special fund assets of
77.33 less than ~~\$750,000~~ \$1,000,000 and special fund liabilities of less than ~~\$750,000~~ \$1,000,000,

78.1 according to ~~each~~ the previous year's financial report, may submit an annual financial report
78.2 and audited financial statements in accordance with paragraphs (c) to (e). If the special fund
78.3 assets or special fund liabilities of a firefighters relief association to which this paragraph
78.4 applies subsequently exceed \$1,000,000 as of the beginning of a calendar year, then an
78.5 annual financial report and audited financial statements are required under paragraph (a),
78.6 beginning with reports filed with the state auditor in the calendar year following the calendar
78.7 year in which the \$1,000,000 threshold was exceeded.

78.8 (c) The financial report must cover the relief association's special fund and general fund
78.9 and be in the style and form prescribed by the state auditor. The financial report must be
78.10 countersigned by:

78.11 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
78.12 association is located if the relief association is directly associated with a municipal fire
78.13 department;

78.14 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that
78.15 contracts with the independent nonprofit firefighting corporation if the firefighters relief
78.16 association is a subsidiary of an independent nonprofit firefighting corporation, and by the
78.17 secretary of the independent nonprofit firefighting corporation; or

78.18 (3) the chief financial official of the county in which the firefighters relief association
78.19 is located or primarily located if the relief association is associated with a fire department
78.20 that is not located in or associated with an organized municipality.

78.21 (d) The financial report must be retained in the office of the Bloomington Fire Department
78.22 Relief Association or the firefighters relief association for public inspection and must be
78.23 filed with the governing body of the government subdivision in which the associated fire
78.24 department is located after the close of the fiscal year. One copy of the financial report must
78.25 be furnished to the state auditor on or before June 30 after the close of the fiscal year.

78.26 (e) Audited financial statements that present the true financial condition of the relief
78.27 association's special fund and general fund must be attested to by a certified public accountant
78.28 or by the state auditor and must be filed with the state auditor on or before June 30 after the
78.29 close of the fiscal year. Audits must be conducted in compliance with generally accepted
78.30 auditing standards and section 6.65 governing audit procedures. The state auditor may accept
78.31 audited financial statements in lieu of the financial report required in paragraph (a).

78.32 **EFFECTIVE DATE.** This section is effective December 31, 2026, and applies to
78.33 audited financial statements for calendar year 2026 and thereafter. A relief association with
78.34 special fund assets of less than \$1,000,000 and special fund liabilities of less than \$1,000,000

79.1 on December 31, 2026, is not required to submit audited financial statements under Minnesota
79.2 Statutes, section 424A.014, subdivision 1, unless and until the association's special fund
79.3 assets or special fund liabilities exceed \$1,000,000, even if audited financial statements
79.4 were required on the date immediately prior to December 31, 2026.

79.5 Sec. 9. Minnesota Statutes 2024, section 424A.016, subdivision 4, is amended to read:

79.6 Subd. 4. **Individual accounts.** (a) An individual account must be established for each
79.7 firefighter who is a member of the relief association.

79.8 (b) To each individual active member account must be credited an equal share of:

79.9 (1) any amounts of fire state aid and police and firefighter retirement supplemental state
79.10 aid received by the relief association;

79.11 (2) any amounts of municipal contributions to the relief association raised from levies
79.12 on real estate or from other available municipal revenue sources exclusive of fire state aid;
79.13 and

79.14 (3) any amounts equal to the share of the assets of the special fund to the credit of:

79.15 (i) any former member who terminated active service with the fire department to which
79.16 the relief association is associated before meeting the minimum service requirement provided
79.17 for in subdivision 2, paragraph (b), and either has not returned to active service with the
79.18 fire department for a period no shorter than five years or has died and no survivor benefit
79.19 or death benefit is payable; or

79.20 (ii) any member who terminated active service before becoming 100 percent vested in
79.21 the member's account under subdivision 2, paragraph (b), and any applicable provision of
79.22 the bylaws of the relief association.

79.23 (c) In addition, any investment return on the assets of the special fund must be credited
79.24 in proportion to the share of the assets of the special fund to the credit of each individual
79.25 active member account and inactive member account, unless the inactive member is a
79.26 deferred member as defined in subdivision 6.

79.27 (d) Administrative expenses of the relief association payable from the special fund may
79.28 be deducted from individual accounts in a manner specified in the bylaws of the relief
79.29 association.

79.30 (e) Amounts to be credited to individual accounts under paragraph (b) must be allocated
79.31 uniformly for all years of active service and allocations must be made for all years of service,
79.32 except for caps on service credit if so provided in the bylaws of the relief association.

80.1 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service
80.2 and membership under section ~~424A.01, subdivision 6~~, 424A.012 remain forfeited and may
80.3 not be reinstated upon the resumption of active service and membership. The allocation
80.4 method may utilize monthly proration for fractional years of service, as the bylaws or articles
80.5 of incorporation of the relief association so provide. The bylaws or articles of incorporation
80.6 may define a "month," but the definition must require a calendar month to have at least 16
80.7 days of active service. If the bylaws or articles of incorporation do not define a "month," a
80.8 "month" is a completed calendar month of active service measured from the member's date
80.9 of entry to the same date in the subsequent month.

80.10 (f) At the time that the payment of a service pension commences under subdivision 2
80.11 and any applicable provision of the bylaws of the relief association, a retiring member is
80.12 entitled to that portion of the assets of the special fund to the credit of the member in the
80.13 individual member account which is nonforfeitable under subdivision 3 and any applicable
80.14 provision of the bylaws of the relief association based on the number of years of service to
80.15 the credit of the retiring member.

80.16 (g) Annually, the secretary of the relief association shall certify the individual account
80.17 allocations to the state auditor at the same time that the annual financial statement or financial
80.18 report and audit of the relief association, whichever applies, is due under section 424A.014.

80.19 **EFFECTIVE DATE.** This section is effective January 1, 2027.

80.20 Sec. 10. Minnesota Statutes 2025 Supplement, section 424A.016, subdivision 6, is amended
80.21 to read:

80.22 **Subd. 6. Deferred service pensions.** (a) A "deferred member" means a member of a
80.23 relief association who has separated from active service and membership and has completed
80.24 the minimum service and membership requirements in subdivision 2. The requirement that
80.25 a member separate from active service and membership is waived for any person who has
80.26 discontinued volunteer firefighter and paid on-call firefighter duties and is employed on a
80.27 part-time or full-time basis under section 424A.015, subdivision 1.

80.28 (b) A deferred member is entitled to receive a deferred service pension as soon as
80.29 practicable after the member submits a valid written application for the distribution and
80.30 complies with any conditions as to age prescribed by the relief association's bylaws.

80.31 (c) A defined contribution relief association must credit ~~interest or~~ additional investment
80.32 performance on the deferred lump-sum service pension during the period of deferral for all
80.33 deferred members on or after January 1, 2021. A defined contribution relief association

81.1 may specify in its bylaws the method by which it will credit ~~interest~~ or additional investment
81.2 performance to the accounts of deferred members. Such method shall be limited to one of
81.3 the three methods provided in this paragraph. In the event the bylaws do not specify a
81.4 method, the ~~interest~~ or additional investment performance must be credited using the method
81.5 defined in clause (3). The permissible methods are:

81.6 (1) at the investment performance rate actually earned on that portion of the assets if the
81.7 deferred benefit amount is invested by the relief association in a separate account established
81.8 and maintained by the relief association;

81.9 (2) at the investment performance rate actually earned on that portion of the assets if the
81.10 deferred benefit amount is invested in a separate investment vehicle held by the relief
81.11 association; or

81.12 (3) at the investment return on the assets of the special fund of the defined contribution
81.13 relief association in proportion to the share of the assets of the special fund to the credit of
81.14 each individual deferred member account.

81.15 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw
81.16 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall
81.17 apply to members already in deferred status as of January 1, 2021.

81.18 (e) Unless the bylaws provide differently, ~~interest~~ or additional investment performance
81.19 must be allocated to each deferred member account beginning on the date that the member
81.20 separates from active service and membership and ending on the last date that the deferred
81.21 member account is valued before the final distribution of the deferred service pension.

81.22 (f) Notwithstanding the requirements of section 424A.015, subdivision 6, a relief
81.23 association that amends its bylaws to lower the required minimum retirement age may
81.24 specify in the bylaws amendment that the lower minimum retirement age applies to members
81.25 who separated from active service and membership prior to the effective date of the bylaws
81.26 amendment.

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

81.28 Sec. 11. Minnesota Statutes 2025 Supplement, section 424A.05, subdivision 3, is amended
81.29 to read:

81.30 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
81.31 special fund may not be made for any purpose other than one of the following:

82.1 (1) for the payment or direct rollover under section 356.633 of service pensions to
82.2 members of the relief association if authorized and paid under law and the bylaws governing
82.3 the relief association;

82.4 (2) for the purchase of an annuity for the applicable person under section 424A.015,
82.5 subdivision 3, or to replace a monthly benefit service pension under section 424A.093,
82.6 subdivision 1;

82.7 (3) for the payment or direct rollover under section 356.633 of temporary or permanent
82.8 disability benefits to disabled members of the relief association if authorized and paid under
82.9 law and specified in amount in the bylaws governing the relief association;

82.10 (4) for the payment or direct rollover under section 356.633 of survivor benefits or for
82.11 the payment of a death benefit to the estate of the deceased active or deferred firefighter, if
82.12 authorized and paid under law and specified in amount in the bylaws governing the relief
82.13 association;

82.14 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
82.15 Department Association and to the Minnesota State Fire Chiefs Association in order to
82.16 entitle relief association members to membership in and the benefits of these associations
82.17 or organizations;

82.18 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
82.19 Association, or an insurance company licensed by the state of Minnesota offering casualty
82.20 insurance, in order to entitle relief association members to membership in and the benefits
82.21 of the association or organization;

82.22 (7) for the payment of administrative expenses of the relief association as authorized
82.23 under subdivision 3b; and

82.24 (8) for the payment or direct rollover under section 356.633 of a service pension to the
82.25 former spouse of a member or former member of a relief association, if the former spouse
82.26 is an alternate payee designated in a qualified domestic relations order under subdivision
82.27 5.

82.28 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
82.29 by this section must be signed by the relief association treasurer and at least one other elected
82.30 trustee who has been designated by the board of trustees to sign the checks or authorizations.
82.31 A relief association may make disbursements authorized by this subdivision by electronic
82.32 fund transfers only if the specific method of payment and internal control policies and
82.33 procedures regarding the method are approved by the board of trustees.

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

83.2 Sec. 12. Minnesota Statutes 2024, section 424B.22, subdivision 5, is amended to read:

83.3 Subd. 5. **Determination of assets and liabilities.** (a) The board of trustees ~~shall~~ must
83.4 determine the following as of the date of termination of the retirement plan:

83.5 (1) the fair market value of the assets of the special fund;

83.6 (2) ~~the present value of~~ each participant's accrued benefit, taking into account full vesting
83.7 under subdivision 3 and any increased lump-sum or monthly benefit level approved under
83.8 subdivision 4;

83.9 (3) ~~the present value of~~ any benefit remaining to be paid to ~~each~~ any retiree in pay status;
83.10 ~~if any~~ and to any other benefit recipient; and

83.11 (4) administrative expenses incurred or reasonably anticipated to be incurred through
83.12 the date on which all retirement benefits have been distributed or transferred or, if later, the
83.13 effective date of the dissolution of the relief association.

83.14 (b) The board of trustees ~~shall~~ must compile a schedule that includes the following
83.15 information:

83.16 (1) the name of each participant, including each retiree in pay status, to whom ~~a~~ an
83.17 accrued benefit ~~or pension~~ is or will be owed;

83.18 (2) the name of each other benefit recipient to whom a benefit ~~or pension~~ is or will be
83.19 owed; and

83.20 (3) for each individual described in clauses (1) and (2), the amount of the benefit ~~or~~
83.21 ~~pension~~ to which the individual is entitled under the bylaws of the relief association, taking
83.22 into account the changes required or permitted by this section, and the corresponding number
83.23 of years of service on which the benefit ~~or pension~~ is based, ~~and the earliest date on which~~
83.24 ~~the benefit or pension would have been payable under the bylaws of the relief association.~~

83.25 (c) If the relief association is dissolving, in addition to the determination under paragraph
83.26 (a) for the retirement plan, the board of trustees ~~shall~~ must determine, as of the effective
83.27 date of the dissolution of the relief association, the legal obligations of the general fund of
83.28 the relief association.

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

84.1 Sec. 13. Minnesota Statutes 2024, section 424B.22, subdivision 7, is amended to read:

84.2 Subd. 7. **Allocation of surplus.** (a) If the retirement plan is a defined benefit plan and
84.3 if, after completing the determination of assets, liabilities, and administrative expenses under
84.4 subdivision 5, ~~there is the retirement plan's assets exceed liabilities and administrative~~
84.5 expenses, resulting in a surplus, the board of trustees ~~shall~~ must transfer to the affiliated
84.6 municipality the lesser of (1) the amount of the surplus, or (2) the sum of all required
84.7 contributions, without investment earnings or interest thereon, made by the municipality to
84.8 the relief association during the year in which the termination of the retirement plan occurs
84.9 or during the preceding nine years.

84.10 (b) If the affiliated municipality did not make any required contributions to the relief
84.11 association during the current or preceding nine years or if, after the transfer described in
84.12 paragraph (a), there is surplus remaining, the relief association and the municipality will
84.13 mutually agree on an allocation between them of the remaining surplus.

84.14 (c) If, within 180 days ~~of~~ after the date of termination of the retirement plan, the
84.15 municipality and relief association have not reached an agreement on the allocation of the
84.16 surplus under paragraph (b), then 50 percent of the surplus ~~shall~~ must be retained by the
84.17 relief association and 50 percent of the surplus ~~shall~~ must be transferred to the affiliated
84.18 municipality.

84.19 (d) Any surplus retained by the relief association under paragraph (c) ~~shall~~ must be
84.20 allocated among all participants eligible to share in the surplus under paragraph (e) in the
84.21 same proportion that the ~~present value of the~~ accrued benefit for each eligible participant
84.22 bears to the total ~~present value of the~~ accrued benefits of all participants eligible to share
84.23 in the surplus, and each eligible participant's accrued benefit, as determined under subdivision
84.24 5, paragraph (a), clause (2), ~~shall~~ must be increased by the participant's share of the surplus.
84.25 If a participant is receiving or has elected to receive a monthly pension, the participant's
84.26 accrued benefit for the purpose of allocating surplus is the lump sum present value of the
84.27 monthly pension benefit to which the participant is entitled to receive.

84.28 (e) The board of trustees ~~shall~~ must determine eligibility to share in the surplus, which
84.29 may include all participants and any former participants who, within the last three years or
84.30 such other number of years as determined by the board of trustees, separated from active
84.31 service and received their retirement benefit. If the board of trustees decides to include
84.32 former participants in the allocation of the surplus, the board of trustees ~~shall~~ must modify
84.33 the method for allocating the surplus to take into account the former participants.

85.1 ~~(e)~~ (f) Any amount of surplus transferred to the affiliated municipality under this
85.2 subdivision may only be used for the purposes described in section 424A.08, paragraph (a)
85.3 or (b).

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

85.5 Sec. 14. Minnesota Statutes 2024, section 424B.22, subdivision 8, is amended to read:

85.6 Subd. 8. **Immediate distribution of retirement benefits and payment of all other**
85.7 **obligations.** (a) The board of trustees ~~shall~~ must liquidate the assets of the special fund and
85.8 pay retirement benefits and administrative expenses under the retirement plan within 210
85.9 days after the effective date of the termination of the retirement plan.

85.10 (b) If the retirement plan is a defined benefit plan that pays lump-sum benefits or a
85.11 defined contribution plan, without regard to whether the participant has attained age 50, the
85.12 board of trustees must offer each participant and other benefit recipient ~~shall be permitted~~
85.13 the option to elect an immediate distribution or a direct rollover of the ~~participant's~~ benefit
85.14 to an eligible retirement plan as permitted under section 356.633, subdivisions 1 and 2, if
85.15 the benefit is an eligible rollover distribution as defined in section 356.633, subdivision 1,
85.16 paragraph (d).

85.17 (c) If the retirement plan is a defined benefit plan that pays monthly pension benefits,
85.18 the board of trustees ~~shall~~ must, at the election of the participant or other benefit recipient,
85.19 purchase an annuity contract under section 424A.015, subdivision 3, naming the participant
85.20 or other benefit recipient, as applicable, as the insured or distribute a lump-sum amount that
85.21 is equal to the present value of the monthly pension benefits to which the participant or
85.22 other benefit recipient is entitled. If an annuity is elected by the participant or other benefit
85.23 recipient, the annuity ~~shall~~ must provide for commencement at a date elected by the insured,
85.24 to be paid as an annuity for the life of the insured. The board of trustees must transfer legal
85.25 title to the annuity contract ~~shall be transferred~~ to the insured. If the participant or other
85.26 benefit recipient elects a lump sum is elected amount, the board of trustees must offer the
85.27 participant or other benefit recipient the option under paragraph (b) to take an immediate
85.28 distribution or a direct rollover ~~shall apply~~.

85.29 (d) The board of trustees ~~shall~~ must complete the distribution of all assets of the special
85.30 fund by making any remaining distributions or transfers as required under subdivision 9 on
85.31 behalf of participants or other benefit recipients who cannot be located or are ~~unresponsive~~
85.32 nonresponsive and paying any remaining administrative expenses related to the termination
85.33 of the plan.

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

86.2 Sec. 15. Minnesota Statutes 2024, section 424B.22, subdivision 9, as amended by Laws
86.3 2026, chapter 56, section 36, is amended to read:

86.4 Subd. 9. **Missing or nonresponsive participants.** ~~(a) For purposes of this subdivision,~~
86.5 ~~the terms defined in this subdivision have the meanings given them.~~

86.6 (b) "Retirement benefit" means:

86.7 (1) ~~the participant's account balance if the retirement plan is a defined contribution plan;~~

86.8 (2) ~~the participant's lump-sum benefit if the retirement plan is a defined benefit plan that~~
86.9 ~~pays a lump sum; or~~

86.10 (3) ~~an amount equal to the present value of the participant's benefit if the retirement plan~~
86.11 ~~is a defined benefit plan that pays a monthly annuity.~~

86.12 (c) ~~"Individual retirement account" means an account that satisfies the requirements of~~
86.13 ~~section 408(a) of the Internal Revenue Code which is established by an officer of the relief~~
86.14 ~~association in the name of the participant or other benefit recipient at a financial institution~~
86.15 ~~insured federally or by an approved credit union guaranty corporation.~~

86.16 ~~(d)~~ (a) If the board of trustees cannot locate a participant or other benefit recipient, the
86.17 board of trustees ~~shall~~ must make a diligent effort to obtain a current address or other contact
86.18 information as follows:

86.19 (1) send a notice to the address on file for the participant or other benefit recipient using
86.20 certified mail;

86.21 (2) check with the Minnesota State Fire Department Association, the municipality, and
86.22 any other employer of the participant;

86.23 (3) check with the participant's designated beneficiary on file with the relief association;
86.24 and

86.25 (4) use one or more of the Internet search tools that are free of charge.

86.26 ~~(e) The board of trustees shall~~ (b) The board of trustees must dispose of the retirement
86.27 benefit of a participant or other benefit recipient under clause (1) or (2) if the board of
86.28 trustees is unable to locate the participant or other benefit recipient after taking the actions
86.29 described in paragraph (a) or the participant or other benefit recipient does not make an
86.30 election of a distribution or direct rollover under subdivision 8, paragraph (b), or an annuity

87.1 or lump sum distribution or direct rollover under subdivision 8, paragraph (c). The board
 87.2 of trustees must:

87.3 (1) transfer the retirement benefit to an individual retirement account that satisfies the
 87.4 requirements of section 408(a) of the Internal Revenue Code and is established by an officer
 87.5 of the relief association in the name of the participant or other benefit recipient at a federally
 87.6 insured financial institution; or

87.7 (2) consider the retirement benefit abandoned and deposit funds in the amount of the
 87.8 retirement benefit with the commissioner of commerce under chapter 345, notwithstanding
 87.9 any laws to the contrary, including section 345.381, if the board of trustees is unable to
 87.10 locate the participant or other benefit recipient after taking the actions described in paragraph
 87.11 (d) or the participant or other benefit recipient does not elect to receive or rollover a
 87.12 retirement benefit to which the participant or other benefit recipient is entitled.

87.13 (c) For the purpose of this subdivision, a retirement benefit that is a monthly pension or
 87.14 annuity may be disposed of under paragraph (b) by converting the monthly pension or
 87.15 annuity to a lump sum that is equal to the present value of the monthly pension or annuity
 87.16 to which the participant or other benefit recipient is entitled.

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

87.18 **Sec. 16. TRANSFER OF MAPLE PLAIN FIRE DEPARTMENT RECORDS,**
 87.19 **ASSETS, AND LIABILITIES FROM THE STATEWIDE VOLUNTEER**
 87.20 **FIREFIGHTER PLAN.**

87.21 (a) No later than 60 days after the effective date, the executive director of the Public
 87.22 Employees Retirement Plan must transfer the records, assets, and liabilities of the Maple
 87.23 Plain fire department to the Maple Plain Fire Relief Association.

87.24 (b) Minnesota Statutes, section 353G.17, applies to the transfer under paragraph (a)
 87.25 except as modified by clauses (1) to (9) of this paragraph.

87.26 (1) Subdivision 1, paragraph (b), clause (3), does not apply.

87.27 (2) Subdivision 1, paragraphs (c) and (d), do not apply.

87.28 (3) Subdivision 2, paragraph (a), clause (2), does not apply.

87.29 (4) Subdivision 2, paragraphs (b) and (c), do not apply.

87.30 (5) Subdivision 3, paragraph (a), is revised to require that the vote be conducted by the
 87.31 board of trustees of the Maple Plain Fire Relief Association, rather than the executive director
 87.32 of the Public Employees Retirement Association, and that the vote by members of the Maple

88.1 Plain Fire Relief Association must occur no earlier than four months before the effective
88.2 date and no later than 30 days after the effective date.

88.3 (6) Subdivision 3, paragraphs (c) to (e), do not apply.

88.4 (7) Subdivision 4, paragraph (a), is revised to require the Statewide Volunteer Firefighter
88.5 Plan to make the transfer described in paragraph (a) upon completion of the actions required
88.6 under Minnesota Statutes, section 353G.17, subdivisions 1 to 3, as revised by this section,
88.7 and to replace "as of the effective date identified in the notice under subdivision 1," with
88.8 "no later than 60 days after the effective date."

88.9 (8) Subdivision 5, paragraph (d), is revised to add at the end of paragraph (d): "For the
88.10 purpose of this section, the "value" of a firefighter's benefit means the amount determined
88.11 by multiplying the firefighter's years of service by the benefit level applicable to the
88.12 firefighter as determined under Minnesota Statutes, section 424B.22."

88.13 (9) Subdivision 6 is revised to delete the phrase "or the requirements of subdivision 2,
88.14 paragraph (b), are not met."

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

88.16 **Sec. 17. PENSION PAYMENTS AND PLAN TERMINATION.**

88.17 Upon completion of the transfer of records, assets, and liabilities under section 14 to the
88.18 Maple Plain Fire Relief Association, the Maple Plain Fire Relief Association must make
88.19 pension benefit payments in accordance with Minnesota Statutes, section 424B.22, as
88.20 amended and in effect on the date payments are made, and subsequently terminate and
88.21 dissolve the relief association in accordance with Minnesota law.

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

88.23 **Sec. 18. PAYMENT OF SUPPLEMENTAL BENEFITS.**

88.24 (a) The city of Maple Plain is authorized, but not required, to pay supplemental benefits
88.25 due under Minnesota Statutes, section 424A.10, to each qualified recipient or survivor, as
88.26 defined in Minnesota Statutes, section 424A.10, of the Maple Plain Fire Relief Association.
88.27 If the city of Maple Plain pays supplemental benefits, the city is eligible for reimbursement
88.28 from the commissioner of revenue under Minnesota Statutes, section 424A.10, for the
88.29 amount of supplemental benefits paid.

88.30 (b) If the city of Maple Plain pays supplemental benefits due under Minnesota Statutes,
88.31 section 424A.10, as authorized by paragraph (a), the Maple Plain Fire Relief Association

89.1 is deemed to have satisfied the requirement under Minnesota Statutes, section 424A.10, to
89.2 pay supplemental benefits.

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

89.4 Sec. 19. **REPEALER.**

89.5 Minnesota Statutes 2024, section 424A.01, subdivision 6, is repealed.

89.6 **EFFECTIVE DATE.** This section is effective January 1, 2027.

89.7 **ARTICLE 8**

89.8 **ALL PUBLIC PENSION PLANS**

89.9 Section 1. Minnesota Statutes 2024, section 43A.346, subdivision 8, is amended to read:

89.10 Subd. 8. ~~**No Service credit; contributions.**~~ (a) Notwithstanding any law to the contrary,
89.11 a person may not earn service credit in the Minnesota State Retirement System or the Public
89.12 Employees Retirement Association for employment covered under this section, and employer
89.13 contributions and payroll deductions for the retirement fund must not be made based on
89.14 earnings of a person working under this section.

89.15 (b) A person employed in a postretirement option position must not be required to make
89.16 payroll deduction contributions to the Minnesota State Retirement System or the Public
89.17 Employees Retirement Association during the period of postretirement option employment.

89.18 (c) The employer of a person in a postretirement option position who would otherwise
89.19 be covered by the general state employees retirement plan of the Minnesota State Retirement
89.20 System must make employer contributions to the general state employees retirement fund
89.21 as specified in section 352.04, subdivision 3, during the period of postretirement option
89.22 employment. The employer of the person in a postretirement option position who would
89.23 otherwise be covered by the general employees retirement plan of the Public Employees
89.24 Retirement Association must make employer and additional employer contributions to the
89.25 general employees retirement fund as specified in section 353.27, subdivisions 3 and 3a,
89.26 during the period of postretirement option employment.

89.27 (d) No change shall may be made to a monthly annuity or retirement allowance based
89.28 on employment under this section.

89.29 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
89.30 beginning on or after January 1, 2027.

90.1 Sec. 2. Minnesota Statutes 2024, section 43A.346, subdivision 10, is amended to read:

90.2 Subd. 10. **Subsequent employment.** If a person has been in a postretirement option
90.3 position and accepts any other position in state or Metropolitan Council-paid service, in the
90.4 subsequent state or Metropolitan Council-paid employment the person may not earn service
90.5 credit in the Minnesota State Retirement System or Public Employees Retirement
90.6 Association, no ~~employer contributions or payroll deductions for the retirement fund shall~~
90.7 may be made, and the provisions of section 352.115, subdivision 10, or ~~section~~ 353.37,
90.8 ~~shall~~ apply.

90.9 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
90.10 beginning on or after January 1, 2027.

90.11 Sec. 3. Minnesota Statutes 2024, section 352.01, subdivision 13, is amended to read:

90.12 Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages,
90.13 or other periodic compensation, paid to an employee before deductions for deferred
90.14 compensation, supplemental retirement plans, or other voluntary salary reduction programs.

90.15 (b) "Salary" does not include:

90.16 (1) lump-sum sick leave payments;

90.17 (2) severance payments;

90.18 (3) lump-sum annual leave payments and overtime payments made at the time of
90.19 separation from state service;

90.20 (4) payments in lieu of any employer-paid group insurance coverage, including the
90.21 difference between single and family rates that may be paid to an employee with single
90.22 coverage;

90.23 (5) payments made as an employer-paid fringe benefit;

90.24 (6) workers' compensation payments;

90.25 (7) employer contributions to a deferred compensation or tax-sheltered annuity program;
90.26 ~~and~~

90.27 (8) amounts contributed under a benevolent vacation and sick leave donation program;
90.28 and

90.29 (9) payments from the family and medical benefit insurance account for Minnesota paid
90.30 leave under chapter 268B.

91.1 (c) Amounts paid to an employee by the employer through a grievance proceeding or a
91.2 legal settlement are salary only if the grievance or settlement agreement is received by the
91.3 executive director no fewer than 14 days before payment is made and the executive director
91.4 determines that:

91.5 (1) the grievance or settlement agreement describes with sufficient specificity the period
91.6 or periods of time worked or not worked by the employee for which the amounts are
91.7 compensation; and

91.8 (2) the amounts are salary as defined in paragraph (a) and the determination is consistent
91.9 with prior determinations.

91.10 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

91.11 Sec. 4. Minnesota Statutes 2024, section 352.115, subdivision 10, is amended to read:

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

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

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

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

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

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

92.8 (g) If a reemployed annuitant whose annuity is suspended under paragraph (a) has a
92.9 former spouse receiving a portion of the annuity allowable under section 518.58, subdivision
92.10 1, the portion payable to the former spouse must continue to be paid.

92.11 (h) During the period of reemployment, the employer of a reemployed annuitant must
92.12 make employer contributions. If the reemployed annuitant is working in a position that
92.13 would otherwise be covered by the general state employees retirement plan, the employer
92.14 must make employer contributions as specified in section 352.04, subdivision 3. If the
92.15 reemployed annuitant is working in a position that would otherwise be covered by the
92.16 correctional state employees retirement plan, the employer must make employer and
92.17 supplemental contributions as specified in section 352.92, subdivisions 2 and 2a.

92.18 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
92.19 beginning on or after January 1, 2027.

92.20 Sec. 5. Minnesota Statutes 2024, section 352.1155, subdivision 3, is amended to read:

92.21 Subd. 3. **Service credit ~~prohibition~~; contributions.** (a) Notwithstanding any law to the
92.22 contrary, a person eligible under this section may not, based on employment to which the
92.23 waiver in this section applies, earn further service credit in a Minnesota public defined
92.24 benefit plan and is not eligible to participate in a Minnesota public defined contribution
92.25 plan, other than a firefighter relief association governed by chapter 424A or the statewide
92.26 volunteer firefighter plan governed by chapter 353G. ~~No employer or employee contribution~~
92.27 ~~to any of these plans may be made on behalf of such a person.~~

92.28 (b) A person eligible under this section must not be required to make employee
92.29 contributions as specified in section 352.04, subdivision 2, during the period of
92.30 reemployment.

92.31 (c) The employer of a person eligible under this section must make employer contributions
92.32 as specified in section 352.04, subdivision 3, during the period of the person's reemployment.

93.1 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
93.2 beginning on or after January 1, 2027.

93.3 Sec. 6. Minnesota Statutes 2024, section 353.01, subdivision 10, is amended to read:

93.4 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

93.5 (1) the wages or periodic compensation payable to a public employee by the employing
93.6 governmental subdivision before:

93.7 (i) employee retirement deductions that are designated as picked-up contributions under
93.8 section 356.62;

93.9 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
93.10 plans, or other voluntary salary reduction programs that would have otherwise been available
93.11 as a cash payment to the employee; and

93.12 (iii) employee deductions for contributions to a supplemental plan or to a governmental
93.13 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
93.14 health care expenses, unless otherwise excluded under paragraph (b);

93.15 (2) for a public employee who is covered by a supplemental retirement plan under section
93.16 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the
93.17 applicable supplemental retirement plan when an agreement between the parties establishes
93.18 that the contributions will either result in a mandatory reduction of employees' wages through
93.19 payroll withholdings, or be made in lieu of an amount that would otherwise be paid as
93.20 wages;

93.21 (3) a payment from a public employer through a grievance proceeding, settlement, or
93.22 court order that is attached to a specific earnings period in which the employee's regular
93.23 salary was not earned or paid to the member due to a suspension or a period of involuntary
93.24 termination that is not a wrongful discharge under section 356.50; provided the amount is
93.25 not less than the equivalent of the average of the hourly base salary rate in effect during the
93.26 last six months of allowable service prior to the suspension or period of involuntary
93.27 termination, plus any applicable increases awarded during the period that would have been
93.28 paid under a collective bargaining agreement or personnel policy but for the suspension or
93.29 involuntary termination, multiplied by the average number of regular hours for which the
93.30 employee was compensated during the six months of allowable service prior to the suspension
93.31 or period of involuntary termination, but not to exceed the compensation that the public
93.32 employee would have earned if regularly employed during the applicable period;

94.1 (4) compensation paid during an authorized leave of absence, ~~other than an authorized~~
94.2 ~~medical leave of absence, as long as the compensation paid during a pay period is not less~~
94.3 ~~than the lesser of; and~~

94.4 ~~(i) the product of the average hourly base salary rate in effect during the six months of~~
94.5 ~~allowable service immediately preceding the leave, multiplied by the average number of~~
94.6 ~~regular hours for which the employee was compensated each pay period during the six~~
94.7 ~~months of allowable service immediately preceding the leave of absence; or~~

94.8 ~~(ii) compensation equal to the value of the employee's total available accrued leave~~
94.9 ~~hours;~~

94.10 ~~(5) compensation paid during an authorized medical leave of absence, other than a~~
94.11 ~~workers' compensation leave, as long as the compensation paid during a pay period is not~~
94.12 ~~less than the lesser of:~~

94.13 ~~(i) the product of one-half and the average hourly base salary rate in effect during the~~
94.14 ~~six months of allowable service immediately preceding the leave of absence; or~~

94.15 ~~(ii) compensation equal to the value of the employee's total available accrued leave~~
94.16 ~~hours; and~~

94.17 ~~(6)~~ (5) for a public employee who receives performance or merit bonus payment under
94.18 a written compensation plan, policy, or collective bargaining agreement in addition to regular
94.19 salary or in lieu of regular salary increases, the compensation paid to the employee for
94.20 attaining or exceeding performance goals, duties, or measures during a specified period of
94.21 employment.

94.22 (b) Salary does not mean:

94.23 (1) fees paid to district court reporters;

94.24 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or
94.25 periodic payments;

94.26 (3) for the donor, payment to another person of the value of hours donated under a
94.27 benevolent vacation, personal, or sick leave donation program;

94.28 (4) any form of severance or retirement incentive payments;

94.29 (5) an allowance payment or per diem payments for or reimbursement of expenses;

94.30 (6) lump-sum settlements not attached to a specific earnings period;

95.1 (7) workers' compensation payments, payments from the family and medical benefit
95.2 insurance account for Minnesota paid leave under chapter 268B, or disability insurance
95.3 payments, including payments from employer self-insurance arrangements;

95.4 (8) employer-paid amounts used by an employee toward the cost of insurance coverage,
95.5 flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses,
95.6 or any payments in lieu of any employer-paid group insurance coverage, including the
95.7 difference between single and family rates that may be paid to a member with single coverage
95.8 and certain amounts determined by the executive director to be ineligible;

95.9 (9) employer-paid fringe benefits, including, but not limited to:

95.10 (i) employer-paid premiums or supplemental contributions for employees for all types
95.11 of insurance;

95.12 (ii) membership dues or fees for the use of fitness or recreational facilities;

95.13 (iii) incentive payments or cash awards relating to a wellness program;

95.14 (iv) the value of any nonmonetary benefits;

95.15 (v) any form of payment made in lieu of an employer-paid fringe benefit;

95.16 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity
95.17 program; and

95.18 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum
95.19 amount or a fixed or matching amount paid on a recurring basis, that is not available to the
95.20 employee as cash;

95.21 (10) the amount equal to that which the employing governmental subdivision would
95.22 otherwise pay toward single or family insurance coverage for a covered employee when,
95.23 through a contract or agreement with some but not all employees, the employer:

95.24 (i) discontinues, or for new hires does not provide, payment toward the cost of the
95.25 employee's selected insurance coverages under a group plan offered by the employer;

95.26 (ii) makes the employee solely responsible for all contributions toward the cost of the
95.27 employee's selected insurance coverages under a group plan offered by the employer,
95.28 including any amount the employer makes toward other employees' selected insurance
95.29 coverages under a group plan offered by the employer; and

95.30 (iii) provides increased salary rates for employees who do not have any employer-paid
95.31 group insurance coverages;

96.1 (11) except as provided in section ~~353.86~~ or 353.87, compensation of any kind paid to
 96.2 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
 96.3 35 or 36;

96.4 (12) the amount of compensation that exceeds the limitation provided in section 356.611;

96.5 (13) amounts paid by a federal or state grant for which the grant specifically prohibits
 96.6 grant proceeds from being used to make pension plan contributions, unless the contributions
 96.7 to the plan are made from sources other than the federal or state grant; and

96.8 (14) bonus pay that is not performance or merit pay under paragraph (a), clause ~~(6)~~ (5).

96.9 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an
 96.10 employee by the employer through a grievance proceeding, a court order, or a legal settlement
 96.11 are salary only if the settlement or court order is reviewed by the executive director and the
 96.12 amounts are determined by the executive director to be consistent with paragraph (a) and
 96.13 prior determinations.

96.14 **EFFECTIVE DATE.** The amendments to paragraphs (a), clauses (4) and (5), and (b),
 96.15 clause (11), are effective July 1, 2026. The amendment to paragraph (b), clause (7), is
 96.16 effective retroactively from January 1, 2026.

96.17 Sec. 7. Minnesota Statutes 2024, section 353.37, subdivision 5, is amended to read:

96.18 Subd. 5. **Effect on annuity; contributions.** (a) Except as provided under this section,
 96.19 public service performed by an annuitant described in subdivision 1, paragraph (a),
 96.20 subsequent to retirement from the general employees retirement plan, the public employees
 96.21 police and fire retirement plan, or the local government correctional employees retirement
 96.22 plan does not increase or decrease the amount of an annuity.

96.23 (b) The annuitant ~~shall~~ must not make any further contributions to a defined benefit plan
 96.24 administered by the association by reason of this subsequent public service.

96.25 (c) During the period of reemployment, the employer of a reemployed annuitant must
 96.26 make employer contributions. If the reemployed annuitant is working in a position that
 96.27 would otherwise be covered by the general employees retirement plan, the employer must
 96.28 make employer and additional employer contributions as specified in section 353.27,
 96.29 subdivisions 3 and 3a. If the reemployed annuitant is working in a position that would
 96.30 otherwise be covered by the public employees police and fire retirement plan, the employer
 96.31 must make employer contributions as specified in section 353.65, subdivision 3. If the
 96.32 reemployed annuitant is working in a position that would otherwise be covered by the local

97.1 government correctional service retirement plan, the employer must make employer
97.2 contributions as specified in section 353E.03, subdivision 2.

97.3 **EFFECTIVE DATE.** This section is effective January 1, 2027.

97.4 Sec. 8. Minnesota Statutes 2024, section 353.371, subdivision 6, is amended to read:

97.5 Subd. 6. ~~No Service credit; contributions.~~ (a) Notwithstanding any law to the contrary,
97.6 a person may not earn allowable service in the general employees retirement plan of the
97.7 Public Employees Retirement Association for employment covered under this section, ~~and~~
97.8 ~~employer contributions and.~~

97.9 (b) Payroll deductions for the retirement fund must not be made based on earnings of a
97.10 person working under an agreement covered by this section.

97.11 (c) The employer of a person working under an agreement covered by this section must
97.12 make employer and additional employer contributions to the fund as specified in section
97.13 353.27, subdivisions 3 and 3a, during the term of employment under the phased retirement
97.14 agreement or renewed phased retirement agreement.

97.15 (d) No change may be made to a monthly annuity or retirement allowance based on
97.16 employment under this section.

97.17 ~~(b)~~ (e) The governmental subdivision ~~shall~~ must report to the executive director the
97.18 salary earned by an employee in a phased retirement position. The report must include the
97.19 number of compensated hours the employee worked and must be made on a pay period
97.20 basis in a manner prescribed by the executive director. Reports must be submitted no later
97.21 than 14 calendar days following the last day of each pay period.

97.22 **EFFECTIVE DATE.** This section is effective January 1, 2027.

97.23 Sec. 9. Minnesota Statutes 2024, section 353.371, subdivision 7, is amended to read:

97.24 Subd. 7. **Termination and subsequent employment.** (a) Upon termination of
97.25 employment under a phased retirement agreement, the governmental subdivision and
97.26 employee must inform the executive director, in a manner prescribed by the executive
97.27 director, of the effective date of the employee's termination of public service. The termination
97.28 from public service must meet the termination and length of separation requirements under
97.29 section 353.01, subdivisions 11a and 28.

97.30 (b) If a person previously employed under a phased retirement agreement subsequently
97.31 accepts employment with any other governmental subdivision, the person may not earn

98.1 allowable service in the general employees retirement plan of the Public Employees
98.2 Retirement Association, no ~~employer contributions or~~ payroll deductions for the retirement
98.3 fund may be made, and the provisions of section 353.37 apply to the subsequent employment.

98.4 **EFFECTIVE DATE.** This section is effective January 1, 2027.

98.5 Sec. 10. Minnesota Statutes 2024, section 354.05, subdivision 35, is amended to read:

98.6 Subd. 35. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means the
98.7 periodic compensation, upon which member contributions are required before deductions
98.8 for deferred compensation, supplemental retirement plans, or other voluntary salary reduction
98.9 programs.

98.10 (b) "Salary" does not mean:

98.11 (1) lump-sum annual leave payments;

98.12 (2) lump-sum wellness and sick leave payments;

98.13 (3) employer-paid amounts used by an employee toward the cost of insurance coverage,
98.14 employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care
98.15 expense accounts, day care expenses, or any payments in lieu of any employer-paid group
98.16 insurance coverage, including the difference between single and family rates that may be
98.17 paid to a member with single coverage and certain amounts determined by the executive
98.18 director to be ineligible;

98.19 (4) any form of payment made in lieu of any other employer-paid fringe benefit or
98.20 expense;

98.21 (5) any form of severance payments;

98.22 (6) workers' compensation payments;

98.23 (7) disability insurance payments, including self-insured disability payments;

98.24 (8) payments to school principals and all other administrators for services that are in
98.25 addition to the normal work year contract if these additional services are performed on an
98.26 extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any
98.27 other nonduty day;

98.28 (9) payments under section 356.24, subdivision 1, clause (4); ~~and~~

98.29 (10) payments made under section 122A.40, subdivision 12, except for payments for
98.30 sick leave that are accumulated under the provisions of a uniform school district policy that
98.31 applies equally to all similarly situated persons in the district; and

99.1 (11) payments from the family and medical benefit insurance account for Minnesota
99.2 paid leave under chapter 268B.

99.3 (c) Amounts provided to an employee by the employer through a grievance proceeding
99.4 or a legal settlement are salary only if the settlement is reviewed by the executive director
99.5 and the amounts are determined by the executive director to be consistent with paragraph
99.6 (a) and prior determinations.

99.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

99.8 Sec. 11. Minnesota Statutes 2024, section 354.44, subdivision 5, is amended to read:

99.9 Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who retired
99.10 under the provisions of this chapter and has thereafter resumed teaching in any employer
99.11 unit to which this chapter applies is eligible to continue to receive payments in accordance
99.12 with the annuity except that all or a portion of the annuity payments must be deferred during
99.13 the calendar year immediately following the fiscal year in which the person's salary from
99.14 the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral
99.15 is one-half of the salary amount in excess of \$46,000 and must be deducted from the annuity
99.16 payable for the calendar year immediately following the fiscal year in which the excess
99.17 amount was earned.

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

99.21 (c) After a person has reached the Social Security normal retirement age, no deferral
99.22 requirement is applicable regardless of the amount of salary.

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

99.25 (e) For ~~the purpose~~ purposes of this subdivision, salary from teaching service includes
99.26 all salary or income earned as a teacher as defined in section 354.05, subdivision 2, paragraph
99.27 (a), clause (1). Salary from teaching service also includes, but is not limited to:

99.28 (1) all income for services performed as a consultant, independent contractor, or
99.29 third-party supplier, or as an employee of a consultant, independent contractor, or third-party
99.30 supplier, to an employer unit covered by the provisions of this chapter; and

99.31 (2) the greater of either the income received or an amount based on the rate paid with
99.32 respect to an administrative position, consultant, independent contractor, or third-party

100.1 supplier, or as an employee of a consultant, independent contractor, or third-party supplier,
100.2 in an employer unit with approximately the same number of pupils and at the same level as
100.3 the position occupied by the person who resumes teaching service.

100.4 (f) Notwithstanding other paragraphs of this subdivision, if the reemployed annuitant
100.5 has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1,
100.6 the portion payable to the former spouse must not be deferred.

100.7 (g) During the period of reemployment, the employer of a reemployed annuitant must
100.8 make regular and, if applicable, additional employer contributions as specified in section
100.9 354.42, subdivision 3.

100.10 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
100.11 beginning on or after July 1, 2026.

100.12 Sec. 12. Minnesota Statutes 2024, section 354.444, subdivision 5, is amended to read:

100.13 Subd. 5. ~~No Service credit or contribution;~~ **contributions.** Notwithstanding any law
100.14 to the contrary;

100.15 (1) an eligible person under this section may not, based on employment to which this
100.16 section applies, contribute to or earn further service credit in the ~~Teachers Retirement~~
100.17 ~~association;~~ and

100.18 (2) the employer of an eligible person under this section must make regular and, if
100.19 applicable, additional employer contributions as specified in section 354.42, subdivision 3,
100.20 during the period of employment to which this section applies.

100.21 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
100.22 beginning on or after July 1, 2026.

100.23 Sec. 13. Minnesota Statutes 2024, section 354.445, is amended to read:

100.24 **354.445 NO ANNUITY REDUCTION.**

100.25 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a
100.26 person who:

100.27 (1) retires from the Minnesota State Colleges and Universities system with at least ten
100.28 years of combined service credit in a system under the jurisdiction of the Board of Trustees
100.29 of the Minnesota State Colleges and Universities;

100.30 (2) was employed on a full-time basis immediately preceding retirement as a faculty
100.31 member or as an unclassified administrator in that system;

101.1 (3) was not a recipient of an early retirement incentive under section 136F.481;

101.2 (4) begins drawing an annuity from the Teachers Retirement Association; and

101.3 (5) returns to work on not less than a one-third time basis and not more than a two-thirds
101.4 time basis in the system from which the person retired under an agreement in which the
101.5 person may not earn a salary of more than \$62,000 in a fiscal year through employment
101.6 after retirement in the system from which the person retired.

101.7 (b) Initial participation, the amount of time worked, and the duration of participation
101.8 under this section must be mutually agreed upon by the president of the institution where
101.9 the person returns to work and the employee. The president may require up to one-year
101.10 notice of intent to participate in the program as a condition of participation under this section.
101.11 The president shall determine the time of year the employee shall work. The employer or
101.12 the president may not require a person to waive any rights under a collective bargaining
101.13 agreement as a condition of participation under this section.

101.14 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and
101.15 (b) may not, based on employment to which the waiver in this section applies, earn further
101.16 service credit in a Minnesota public defined benefit plan and is not eligible to participate
101.17 in a Minnesota public defined contribution plan, other than a ~~volunteer fire~~ firefighter relief
101.18 association plan governed by chapter 424A or the statewide volunteer firefighter plan
101.19 governed by chapter 353G. ~~No employer or employee contribution to any of these plans~~
101.20 ~~may be made on behalf of such a person.~~

101.21 (d) A person eligible under paragraphs (a) and (b) must not be required to make employee
101.22 contributions as specified in section 354.42, subdivision 2, during the period of
101.23 reemployment.

101.24 (e) The employer of a person eligible under paragraphs (a) and (b) must make employer
101.25 contributions as specified in section 354.42, subdivision 3, during the period of the person's
101.26 reemployment.

101.27 ~~(d)~~ (f) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000
101.28 in a fiscal year through employment after retirement due to employment by the Minnesota
101.29 State Colleges and Universities system, the annuity reduction provisions of section 354.44,
101.30 subdivision 5, apply only to income over \$62,000.

101.31 ~~(e)~~ (g) A person who returns to work under this section is a member of the appropriate
101.32 bargaining unit and is covered by the appropriate collective bargaining contract. Except as

102.1 provided in this section, the person's coverage is subject to any part of the contract limiting
102.2 rights of part-time employees.

102.3 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
102.4 beginning on or after July 1, 2026.

102.5 Sec. 14. Minnesota Statutes 2024, section 354A.011, subdivision 24, is amended to read:

102.6 Subd. 24. **Salary; covered salary.** (a) Subject to the limitations of section 356.611,
102.7 "salary" or "covered salary" means the entire compensation, upon which member
102.8 contributions are required and made, that is paid to a teacher before deductions for deferred
102.9 compensation, supplemental retirement plans, or other voluntary salary reduction programs.

102.10 (b) "Salary" does not mean:

102.11 (1) lump-sum annual leave payments;

102.12 (2) lump-sum wellness and sick leave payments;

102.13 (3) employer-paid amounts used by an employee toward the cost of insurance coverage,
102.14 employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care
102.15 expense accounts, day care expenses, or any payments in lieu of any employer-paid group
102.16 insurance coverage, including the difference between single and family rates that may be
102.17 paid to a member with single coverage, and certain amounts determined by the executive
102.18 secretary or director to be ineligible;

102.19 (4) any form of payment that is made in lieu of any other employer-paid fringe benefit
102.20 or expense;

102.21 (5) any form of severance payments;

102.22 (6) workers' compensation payments;

102.23 (7) disability insurance payments, including self-insured disability payments;

102.24 (8) payments to school principals and all other administrators for services that are in
102.25 addition to the normal work year contract if these additional services are performed on an
102.26 extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any
102.27 other nonduty day;

102.28 (9) payments under section 356.24, subdivision 1, clause (4)(ii); ~~and~~

102.29 (10) payments made under section 122A.40, subdivision 12, except for payments for
102.30 sick leave that are accumulated under the provisions of a uniform school district policy that
102.31 applies equally to all similarly situated persons in the district; and

103.1 (11) payments from the family and medical benefit insurance account for Minnesota
103.2 paid leave under chapter 268B.

103.3 (c) Amounts provided to an employee by the employer through a grievance proceeding
103.4 or a legal settlement are salary only if the settlement is reviewed by the executive director
103.5 and the amounts are determined by the executive director to be consistent with paragraph
103.6 (a) and prior determinations.

103.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

103.8 Sec. 15. Minnesota Statutes 2024, section 354A.095, is amended to read:

103.9 **354A.095 PARENTAL AND MATERNITY LEAVE.**

103.10 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
103.11 who are ~~granted~~ on an authorized parental or maternity leave of absence ~~by the employing~~
103.12 ~~authority~~, are entitled to obtain service credit not to exceed one year for the period of leave
103.13 upon payment to the fund by the end of the fiscal year following the fiscal year in which
103.14 the leave of absence terminated. The amount of the payment must include the total required
103.15 employee and employer contributions for the period of leave prescribed in section 354A.12.
103.16 Payment must be based on the member's average monthly salary rate upon return to teaching
103.17 service, and is payable without interest. Payment must be accompanied by a certified or
103.18 otherwise adequate copy of the resolution or action of the employing authority granting or
103.19 approving the leave.

103.20 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

103.21 Sec. 16. Minnesota Statutes 2024, section 356.30, subdivision 1, is amended to read:

103.22 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions
103.23 of the laws governing the covered retirement plans listed in subdivision 3 and except as
103.24 provided in subdivision 1a, a person may elect to receive, upon retirement, a retirement
103.25 annuity from each covered retirement plan, subject to the provisions of paragraph (b), if the
103.26 person has:

103.27 (1) allowable service in any two or more of the covered plans;

103.28 (2) at least one-half year of allowable service in each covered plan, based on the allowable
103.29 service in each plan;

103.30 (3) total allowable service that equals or exceeds the longest service credit vesting
103.31 requirement of the applicable retirement plan; and

104.1 (4) not begun to receive an annuity from any covered plan or made application for
104.2 benefits from each applicable plan and the retirement annuity effective dates of each plan
104.3 are within a one-year period.

104.4 (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity from
104.5 each plan must be based upon the allowable service, accrual rates, and average salary in the
104.6 applicable plan except as further specified or modified in the following clauses:

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

104.10 (2) the average salary used to calculate the annuity for each formula plan must be based
104.11 on the employee's highest five successive years of covered salary during the entire service
104.12 in covered plans;

104.13 (3) the accrual rates under each plan must be the percentages prescribed by each plan's
104.14 formula in effect for the respective years of allowable service from one plan to the next,
104.15 recognizing all previous allowable service with the other covered plans;

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

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

104.22 (c) If a person eligible for an annuity under paragraph (a) from each covered plan
104.23 terminates all public service, the deferred annuity must be augmented from the date of
104.24 termination until the earlier of:

104.25 (1) the effective date of retirement; or

104.26 (2) December 31, 2018, for the Minnesota State Retirement System and the Public
104.27 Employees Retirement Association or June 30, 2019, for the Teachers Retirement Association
104.28 and the St. Paul Teachers Retirement Association.

104.29 A deferred annuity must not be augmented after the applicable dates under clause (2).
104.30 The appropriate rate of augmentation is the rate in effect on the date on which the person
104.31 entered into public employment and subsequently adjusted according to the laws governing
104.32 each covered plan, as applicable.

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

105.3 (e) For the purpose of computing annuities under this section:

105.4 (1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service
105.5 for any year of service or fraction thereof;

105.6 (2) the public employees police and fire plan and the State Patrol retirement plan accrual
105.7 rate must not exceed 3.0 percent per year of service for any year of service or fraction
105.8 thereof;

105.9 (3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit
105.10 does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph
105.11 (c); and

105.12 (4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service
105.13 for any year of service or fraction thereof.

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

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

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

105.25 **EFFECTIVE DATE.** This section is effective January 1, 2027.

105.26 Sec. 17. Minnesota Statutes 2024, section 356.30, is amended by adding a subdivision to
105.27 read:

105.28 **Subd. 1a. Exceptions for certain covered plans.** (a) A person meets the requirement
105.29 of subdivision 1, paragraph (a), clause (1), and does not need to meet the requirements of
105.30 subdivision 1, paragraph (a), clauses (2) and (4), to calculate a retirement annuity pursuant
105.31 to this section if the person is eligible to receive retirement annuities from:

105.32 (1) both of the covered plans specified in subdivision 3, clauses (1) and (2);

106.1 (2) both of the covered plans specified in subdivision 3, clauses (1) and (13); or

106.2 (3) the covered plan specified in subdivision 3, clause (12), for allowable service earned
106.3 under the general employees retirement plan and the local government probation and
106.4 telecommunicator retirement plan if the person was transferred from the general employees
106.5 retirement plan to the local government probation and telecommunicator retirement plan
106.6 on January 1, 2027.

106.7 (b) This paragraph applies to a person who is eligible to receive retirement annuities
106.8 from the covered plans specified in subdivision 3, clauses (1) and (2), and any other covered
106.9 plan and who elects to calculate the retirement annuities as follows:

106.10 (1) for the retirement annuities from the covered plans specified in subdivision 3, clauses
106.11 (1) and (2), the person does not need to meet the requirements of subdivision 1, paragraph
106.12 (a), clauses (2) and (4), and may begin to receive one of the annuities and defer receiving
106.13 the other annuity; and

106.14 (2) for the retirement annuity from another covered plan, the person is entitled to have
106.15 the retirement annuity from the other covered plan calculated under this section if the person
106.16 meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person
106.17 has not begun to receive an annuity from the other covered plan or made application for
106.18 benefits from the other covered plan, and the retirement annuity effective dates of either of
106.19 the covered plans specified in subdivision 3, clauses (1) and (2), and the other covered plan
106.20 are within a one-year period.

106.21 (c) This paragraph applies to a person who is eligible to receive retirement annuities
106.22 from the covered plans specified in subdivision 3, clauses (1) and (13), and any other covered
106.23 plan and who elects to calculate the retirement annuities as follows:

106.24 (1) for the retirement annuities from the covered plans specified in subdivision 3, clauses
106.25 (1) and (13), the person does not need to meet the requirements of subdivision 1, paragraph
106.26 (a), clauses (2) and (4), and may begin to receive one of the annuities and defer receiving
106.27 the other annuity; and

106.28 (2) for the retirement annuity from another covered plan, the person is entitled to have
106.29 the retirement annuity from the other covered plan calculated under this section if the person
106.30 meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person
106.31 has not begun to receive an annuity from the other covered plan or made application for
106.32 benefits from the other covered plan, and the retirement annuity effective dates of either of
106.33 the covered plans specified in subdivision 3, clauses (1) and (13), and the other covered
106.34 plan are within a one-year period.

107.1 (d) This paragraph applies to a person who is eligible to receive retirement annuities
107.2 from the covered plan specified in subdivision 3, clause (12), for allowable service earned
107.3 under the general employees retirement plan, the local government probation and
107.4 telecommunicator retirement plan, and any other covered plan, and who elects to calculate
107.5 the retirement annuities as follows:

107.6 (1) for the retirement annuities from the covered plan specified in subdivision 3, clause
107.7 (12), the person does not need to meet the requirements of subdivision 1, paragraph (a),
107.8 clauses (2) and (4), and may begin to receive a retirement annuity for either the allowable
107.9 service under the general employees retirement plan or the local government probation and
107.10 telecommunicator retirement plan and defer receiving the other annuity; and

107.11 (2) for the retirement annuity from another covered plan, the person is entitled to have
107.12 the retirement annuity from the other covered plan calculated under this section if the person
107.13 meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person
107.14 has not begun to receive an annuity from the other covered plan or made application for
107.15 benefits from the other covered plan, and the retirement annuity effective dates of the covered
107.16 plan specified in subdivision 3, clause (12), and the other covered plan are within a one-year
107.17 period.

107.18 (e) Subdivision 1, paragraph (b), clause (1), does not apply if a person is eligible to
107.19 receive retirement annuities from the covered plans as specified in paragraph (a). Instead,
107.20 an annuity from a covered plan specified in paragraph (a) must be calculated under the law
107.21 in effect on the date of termination of public service covered by the covered plan from which
107.22 the annuity is received.

107.23 **EFFECTIVE DATE.** This section is effective January 1, 2027.

107.24 Sec. 18. Minnesota Statutes 2024, section 356.30, subdivision 3, is amended to read:

107.25 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

107.26 (1) the general state employees retirement plan of the Minnesota State Retirement System,
107.27 established under chapter 352;

107.28 (2) the correctional state employees retirement plan of the Minnesota State Retirement
107.29 System, established under chapter 352;

107.30 (3) the unclassified employees retirement program, established under chapter 352D;

107.31 (4) the State Patrol retirement plan, established under chapter 352B;

108.1 (5) the legislators retirement plan, established under chapter 3A, including constitutional
108.2 officers as specified in that chapter;

108.3 (6) the general employees retirement plan of the Public Employees Retirement
108.4 Association, established under chapter 353;

108.5 (7) the public employees police and fire retirement plan of the Public Employees
108.6 Retirement Association, established under chapter 353;

108.7 (8) the local government correctional service retirement plan of the Public Employees
108.8 Retirement Association, established under chapter 353E;

108.9 (9) the Teachers Retirement Association, established under chapter 354;

108.10 (10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;
108.11 ~~and~~

108.12 (11) the judges retirement fund, established by chapter 490;

108.13 (12) the local government probation and telecommunicator retirement plan of the Public
108.14 Employees Retirement Association, established under chapter 353H; and

108.15 (13) the special coverage subplans, established under section 352.85, 352.86, 352.87,
108.16 or 352.88.

108.17 **EFFECTIVE DATE.** This section is effective January 1, 2027.

108.18 Sec. 19. Minnesota Statutes 2024, section 356.461, subdivision 1, is amended to read:

108.19 Subdivision 1. **Joint and survivor annuity computation.** (a) Notwithstanding any
108.20 provision of section 356.215, subdivision 8, or 356.415 to the contrary, for purposes of
108.21 computing joint and survivor annuities under each covered retirement plan in subdivision
108.22 2, the applicable investment return assumption is 6.5 percent unless a different percentage
108.23 has been approved or deemed approved under paragraph (b) for the covered retirement plan.

108.24 (b) A change in the investment return assumption for computing joint and survivor
108.25 annuities may be proposed by the governing board of a covered retirement plan. The
108.26 assumption may be changed only with the approval of the Legislative Commission on
108.27 Pensions and Retirement or after a period of one year has elapsed since the date on which
108.28 the proposed assumption change was received by the Legislative Commission on Pensions
108.29 and Retirement without commission action.

109.1 (c) The executive director of the Legislative Commission on Pensions and Retirement
109.2 must update the appendix to the standards for actuarial work whenever a change in the
109.3 assumption is approved or deemed approved.

109.4 **EFFECTIVE DATE.** This section is effective July 1, 2026.

109.5 **ARTICLE 9**

109.6 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

109.7 Section 1. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision
109.8 to read:

109.9 Subd. 1a. **Annual report.** "Annual report" means a report on the following:

109.10 (1) financial performance of the program and the agency;

109.11 (2) program expenses, including costs attributable to the use of outside consultants,
109.12 independent contractors, and other persons who are not state employees;

109.13 (3) program outcomes;

109.14 (4) progress toward savings goals established by the board;

109.15 (5) statistics on the number of participating employees, participating employers, and
109.16 covered employees who have opted out of participation;

109.17 (6) estimated impact of the program on social safety net programs; and

109.18 (7) penalties, violations, and disciplinary actions for enforcement.

109.19 Sec. 2. Minnesota Statutes 2025 Supplement, section 187.03, subdivision 5, is amended
109.20 to read:

109.21 Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed
109.22 by a covered employer or described in section 187.05, subdivision 7, and who satisfies any
109.23 other criteria established by the board.

109.24 (b) Covered employee does not include:

109.25 (1) a person who, on December 31 of the preceding calendar year, was younger than 18
109.26 years of age;

109.27 (2) a person covered under the federal Railway Labor Act, as amended, United States
109.28 Code, title 45, sections 151 et seq.;

110.1 (3) a person on whose behalf an employer makes contributions to a Taft-Hartley
110.2 multiemployer pension trust fund;

110.3 (4) a person employed by the government of the United States, another country, the state
110.4 of Minnesota, another state, or any subdivision thereof; or

110.5 (5) a person employed on a temporary or seasonal basis for a limited duration, which
110.6 the employer determines at the time the person is hired will not extend beyond 180 days.

110.7 (c) A person described in paragraph (b), clause (5), may elect to have contributions
110.8 deducted from the person's paycheck for remittance to the program, but only if the employer
110.9 would otherwise be considered a covered employer.

110.10 Sec. 3. Minnesota Statutes 2025 Supplement, section 187.03, subdivision 6a, is amended
110.11 to read:

110.12 Subd. 6a. **Enrollment window.** "Enrollment window" means:

110.13 (1) the period established by the board, according to a phase-in schedule approved under
110.14 Laws 2023, chapter 46, section 10, subdivision 1, paragraph (b), that is applicable to each
110.15 covered employer and during which the covered employer is first required to provide
110.16 information to covered employees and enroll covered employees who do not elect to opt
110.17 out of the program;

110.18 (2) the 21-day period beginning with a covered employee's first day of employment with
110.19 a covered employer during which the covered employer is required to enroll the covered
110.20 employee; or

110.21 (3) the 21-day period beginning on January 1 after the calendar year during which an
110.22 employer first becomes a covered employer.

110.23 Sec. 4. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to
110.24 read:

110.25 Subd. 15. **Waiting period.** "Waiting period" means the 30-day period that begins on
110.26 the day on which a covered employee is enrolled in the program.

110.27 Sec. 5. Minnesota Statutes 2024, section 187.05, subdivision 1, is amended to read:

110.28 Subdivision 1. **Program established.** (a) The board must operate an employee a
110.29 retirement savings program whereby contributions are made by employee payroll deduction
110.30 contributions are transmitted or, if a covered employee is not employed by a covered

111.1 employer, by direct payment on an after-tax or pretax basis ~~by covered employers~~ to
111.2 individual retirement accounts established under the program.

111.3 (b) The board must establish procedures for opening a Roth IRA, a traditional IRA, or
111.4 both a Roth IRA and a traditional IRA for each covered employee whose covered employer
111.5 transmits employee payroll deduction contributions ~~under~~ or, if a covered employee is not
111.6 employed by a covered employer, transmits payment to the program.

111.7 (c) Contributions must be made on an after-tax (Roth) basis, unless the covered employee
111.8 elects to contribute on a pretax basis.

111.9 Sec. 6. Minnesota Statutes 2025 Supplement, section 187.05, subdivision 1a, is amended
111.10 to read:

111.11 Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity
111.12 or person may file through the program web portal or, with the consent of the executive
111.13 director, by mail or email, a certification ~~with the executive director on a form prescribed~~
111.14 ~~by the executive director and provide documentation in support of the certification, as~~
111.15 ~~requested by the executive director,~~ stating that the entity or person is not a covered employer.
111.16 The certification must state that the entity or person is not a covered employer for one or
111.17 more of the following reasons:

111.18 (1) the entity or person has not been engaged for at least 12 months in a business, industry,
111.19 profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

111.20 (2) the entity or person does not employ five or more employees;

111.21 (3) the entity or person sponsors or contributes to or, in the immediately preceding 12
111.22 months, sponsored or contributed to a retirement savings plan for its employees; or

111.23 (4) the entity is a political subdivision of the state or federal government.

111.24 (b) Within 30 days of receiving the certification, the executive director must accept the
111.25 certification or issue a determination that the entity or person is a covered employer and
111.26 subject to the requirements of section 187.07.

111.27 (c) The entity or person may appeal the executive director's determination by filing an
111.28 appeal with the board of directors no later than 30 days after receipt of the determination.

111.29 (d) If necessary to determine compliance with program requirements, the executive
111.30 director may request that an entity or person provide documentation in support of a
111.31 certification filed under paragraph (a). If the entity or person does not provide supporting
111.32 documentation within 30 days of the request or the documentation is inadequate, the executive

112.1 director may reject the certification and require the entity or person to enroll its employees
112.2 in the program.

112.3 Sec. 7. Minnesota Statutes 2025 Supplement, section 187.05, subdivision 4, is amended
112.4 to read:

112.5 Subd. 4. **Contribution rate.** (a) The board may change the required employee
112.6 contribution rates and the escalation schedule under section 187.07, subdivision ~~4~~ 1a.

112.7 (b) The board must provide all covered employers and covered employees with notice
112.8 of a change in employee contribution rates or the escalation schedule at least six months in
112.9 advance of the effective date of the change.

112.10 ~~(b) A covered employee must have the right, annually or more frequently as determined~~
112.11 ~~by the board, to change the contribution rate, opt out or elect not to contribute, or cease~~
112.12 ~~contributions.~~

112.13 Sec. 8. Minnesota Statutes 2024, section 187.05, subdivision 7, is amended to read:

112.14 Subd. 7. **Individuals not employed by a covered employer.** (a) In addition to home
112.15 and community-based services employees under paragraph (b), the board may allow
112.16 individuals not employed by a covered employer to open and contribute to an account in
112.17 the program, in which case the individual must be considered a covered employee for
112.18 purposes of sections 187.05 to ~~187.14~~ 187.14.

112.19 (b) The board must allow any home and community-based services employee to open
112.20 and contribute to an account in the program within ~~six~~ twelve months of the opening of the
112.21 program and must consider a home and community-based services employee a covered
112.22 employee for purposes of sections 187.05 to ~~187.14~~ 187.14.

112.23 Sec. 9. Minnesota Statutes 2024, section 187.05, is amended by adding a subdivision to
112.24 read:

112.25 Subd. 9. **Covered employee right to begin contributing, change the contribution**
112.26 **rate, or not contribute.** A covered employee must have the right, annually or more
112.27 frequently as determined by the board, to:

112.28 (1) begin making contributions to the program by payroll deduction or, if not employed
112.29 by a covered employer, by payment to the program;

112.30 (2) change the percentage of compensation being contributed to the program by payroll
112.31 deduction;

113.1 (3) elect not to contribute; or

113.2 (4) cease contributions.

113.3 Sec. 10. Minnesota Statutes 2024, section 187.06, subdivision 3, is amended to read:

113.4 Subd. 3. **Individual accounts established.** The trustee or custodian, as applicable, must
 113.5 maintain an account for each covered employee who has made or is making employee
 113.6 payroll deduction contributions with respect to each covered employee or, if the covered
 113.7 employee is not employed by a covered employer, has made or is making payments to the
 113.8 program until all assets in the account are distributed. Interest and Investment earnings on
 113.9 the amount in the account are credited to the account, and investment losses and
 113.10 administrative fees are deducted from the account.

113.11 Sec. 11. Minnesota Statutes 2025 Supplement, section 187.07, subdivision 1, is amended
 113.12 to read:

113.13 Subdivision 1. **Requirement to enroll employees and begin payroll deduction**
 113.14 **contributions.** (a) Each A covered employer must enroll its covered employees in the
 113.15 program ~~and withhold~~ during the applicable enrollment window.

113.16 (b) The covered employer must begin withholding payroll deduction contributions from
 113.17 the first paycheck of each covered employee's paycheck no later than 30 days after the
 113.18 covered employee's first day of employment employee after the end of the covered employee's
 113.19 waiting period, unless the covered employer has elected not to contribute.

113.20 (b) ~~Unless the board has approved a different rate or rates under section 187.05,~~
 113.21 ~~subdivision 4, or a covered employee has elected a different contribution rate or not to~~
 113.22 ~~contribute, the employee contribution rates and escalation schedule are:~~

113.23 (1) ~~five percent of pay for the covered employee's first year of participation;~~

113.24 (2) ~~six percent of pay for the covered employee's second year of participation;~~

113.25 (3) ~~seven percent of pay for the covered employee's third year of participation; and~~

113.26 (4) ~~eight percent of pay for the covered employee's fourth year of participation and each~~
 113.27 ~~year thereafter.~~

113.28 (c) Paragraph (a) does not apply to a covered employer until the covered employer's
 113.29 enrollment window has opened. ~~No later than 30 days after~~ By the end of the enrollment
 113.30 window, the covered employer must have enrolled all covered employees, ~~except for any~~
 113.31 ~~covered employee who has elected not to contribute.~~

114.1 ~~(d) The executive director must communicate annually by email or otherwise in writing~~
 114.2 ~~to each covered employee:~~

114.3 ~~(1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in~~
 114.4 ~~effect under section 408 and 408A, respectively, of the Internal Revenue Code; and~~

114.5 ~~(2) notice that it is the responsibility of the covered employee to reduce the covered~~
 114.6 ~~employee's contribution rate from the rate under paragraph (b) as necessary to stay within~~
 114.7 ~~the limit under section 408 or section 408A of the Internal Revenue Code that is applicable~~
 114.8 ~~to the covered employee and the type of IRA to which the contributions are being credited.~~

114.9 Sec. 12. Minnesota Statutes 2024, section 187.07, is amended by adding a subdivision to
 114.10 read:

114.11 Subd. 1a. **Default contribution rate and escalation schedule.** Unless the board has
 114.12 approved a different rate or rates under section 187.05, subdivision 4, or a covered employee
 114.13 has elected a different contribution rate or not to contribute, the employee contribution rates
 114.14 and escalation schedule are:

114.15 (1) five percent of pay for the covered employee's first year of participation;

114.16 (2) six percent of pay for the covered employee's second year of participation;

114.17 (3) seven percent of pay for the covered employee's third year of participation; and

114.18 (4) eight percent of pay for the covered employee's fourth year of participation and each
 114.19 year thereafter.

114.20 Sec. 13. Minnesota Statutes 2024, section 187.08, subdivision 1, is amended to read:

114.21 Subdivision 1. **Membership.** The policy-making function of the program is vested in a
 114.22 board of directors consisting of seven members as follows:

114.23 (1) the executive director of the Minnesota State Retirement System or the executive
 114.24 director's designee;

114.25 (2) the executive director of the State Board of Investment or the executive director's
 114.26 designee;

114.27 (3) three members with relevant experience chosen by the Legislative Commission on
 114.28 Pensions and Retirement, ~~one from each of the following experience categories;~~

114.29 ~~(i) executive or operations manager with substantial experience in record keeping 401(k)~~
 114.30 ~~plans;~~

115.1 ~~(ii) executive or operations manager with substantial experience in individual retirement~~
115.2 ~~accounts; and~~

115.3 ~~(iii) executive or other professional with substantial experience in retirement plan~~
115.4 ~~investments;~~

115.5 (4) a human resources or retirement benefits executive from a private company with
115.6 substantial experience in administering the company's 401(k) plan, appointed by the governor;
115.7 and

115.8 (5) a small business owner, a small business executive, or a nonprofit executive appointed
115.9 by the governor.

115.10 Sec. 14. Minnesota Statutes 2024, section 187.08, subdivision 2, is amended to read:

115.11 Subd. 2. **Appointment.** (a) Members appointed by the governor must be appointed as
115.12 provided in section 15.0597.

115.13 (b) The Legislative Commission on Pensions and Retirement is not required to consider
115.14 a seat on the board as vacant if the incumbent provides notice to the chair of the board and
115.15 executive director that the incumbent wishes to serve an additional term as permitted under
115.16 subdivision 3. The executive director of the program must notify the secretary of state and
115.17 the chair or executive director of the Legislative Commission on Pensions and Retirement
115.18 that the incumbent wishes to serve an additional term. The secretary of state must not post
115.19 a seat as vacant and accept applications if the chair of the board and the chair or executive
115.20 director of the Legislative Commission on Pensions and Retirement accept the incumbent's
115.21 request to serve an additional term.

115.22 Sec. 15. Minnesota Statutes 2025 Supplement, section 187.08, subdivision 3, is amended
115.23 to read:

115.24 Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except:

115.25 (1) the executive directors of the Minnesota State Retirement System and the State Board
115.26 of Investment serve indefinitely; and

115.27 (2) the initial term of the member who is an executive or other professional with
115.28 substantial experience in retirement plan investments under subdivision 1, clause (3), ~~item~~
115.29 ~~(iii)~~; and the member who is a human resources executive under subdivision 1, clause (4),
115.30 is three years.

116.1 (b) A board ~~members' terms may be renewed,~~ member may renew the member's term,
116.2 but no member, other than the executive directors of the Minnesota State Retirement Systems
116.3 and the State Board of Investment, may serve more than two consecutive terms. To serve
116.4 an additional term, an incumbent must notify the chair of the board and the executive director
116.5 that the incumbent wishes to serve an additional term.

116.6 Sec. 16. Minnesota Statutes 2024, section 187.08, subdivision 6, is amended to read:

116.7 Subd. 6. **Chair; quorum.** (a) The board ~~shall~~ must select ~~select~~ elect a chair from among its
116.8 members. The chair ~~shall serve~~ serves for a two-year term and may be reelected by the
116.9 members for additional two-year terms. The board may select other officers as necessary
116.10 to assist the board in performing the board's duties.

116.11 (b) A majority of the members, not including for this purpose any vacant member seat,
116.12 constitutes a quorum. Approval of any item of board business is effective if approved by a
116.13 simple majority vote of members present at a meeting.

116.14 Sec. 17. Minnesota Statutes 2024, section 187.08, subdivision 8, is amended to read:

116.15 Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board
116.16 has the following duties:

116.17 (1) to establish secure processes for enrolling covered employees in the program and
116.18 for transmitting employee contributions to accounts in the trust;

116.19 (2) to prepare a budget and establish procedures for the payment of costs of administering
116.20 and operating the program;

116.21 (3) to lease or otherwise procure equipment necessary to administer the program;

116.22 (4) to procure insurance in connection with the property of the program and the activities
116.23 of the board, executive director, and other staff;

116.24 (5) to determine the following:

116.25 (i) any criteria for a covered employee other than employment with a covered employer
116.26 under section 187.03, subdivision 5;

116.27 (ii) contribution rates and an escalation schedule under section 187.05, subdivision 4;

116.28 (iii) withdrawal and distribution options under section 187.05, subdivision 6; and

116.29 (iv) the default investment fund under section 187.06, subdivision 5;

116.30 (6) to keep annual administrative fees, costs, and expenses as low as possible:

117.1 (i) except that any administrative fee assessed against the accounts of covered employees
117.2 may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined
117.3 contribution programs of similar size in the state of Minnesota or another state; and

117.4 (ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat
117.5 fee;

117.6 (7) to determine the eligibility of an employer, employee, or other individual to participate
117.7 in the program and review and decide claims for benefits and make factual determinations;

117.8 ~~(8) to prepare information regarding the program that is clear and concise for~~
117.9 ~~dissemination to all covered employees and includes the following:~~

117.10 ~~(i) the benefits and risks associated with participating in the program;~~

117.11 ~~(ii) procedures for enrolling in the program and opting out of the program, electing a~~
117.12 ~~different or zero percent employee contribution rate, making investment elections, applying~~
117.13 ~~for a distribution of employee accounts, and making a claim for benefits;~~

117.14 ~~(iii) the federal and state income tax consequences of participating in the program, which~~
117.15 ~~may consist of or include the disclosure statement required to be distributed by retirement~~
117.16 ~~plan trustees or custodians under the Internal Revenue Code and the Treasury Regulations~~
117.17 ~~thereunder;~~

117.18 ~~(iv) how to obtain additional information on the program; and~~

117.19 ~~(v) disclaimers of covered employer and state responsibility, including the following~~
117.20 ~~statements:~~

117.21 ~~(A) covered employees seeking financial, investment, or tax advice should contact their~~
117.22 ~~own advisors;~~

117.23 ~~(B) neither a covered employer nor the state of Minnesota are liable for decisions covered~~
117.24 ~~employees make regarding their account in the program;~~

117.25 ~~(C) neither a covered employer nor the state of Minnesota guarantees the accounts in~~
117.26 ~~the program or any particular investment rate of return; and~~

117.27 ~~(D) neither a covered employer nor the state of Minnesota monitors or has an obligation~~
117.28 ~~to monitor any covered employee's eligibility under the Internal Revenue Code to make~~
117.29 ~~contributions to an account in the program, or whether the covered employee's contributions~~
117.30 ~~to an account in the program exceed the maximum permissible contribution under the~~
117.31 ~~Internal Revenue Code;~~

118.1 ~~(9) (8)~~ to publish an annual financial report, prepared according to generally accepted
118.2 accounting principles, on the operations of the program, which must include but not be
118.3 limited to costs attributable to the use of outside consultants, independent contractors, and
118.4 other persons who are not state employees and deliver the report to the chairs and ranking
118.5 minority members of the legislative committees with jurisdiction over jobs and economic
118.6 development and state government finance, the executive directors of the State Board of
118.7 Investment and the Legislative Commission on Pensions and Retirement, and the Legislative
118.8 Reference Library;

118.9 ~~(10)~~ to publish an annual report regarding plan outcomes, progress toward savings goals
118.10 established by the board, statistics on the number of participants, participating employers,
118.11 and covered employees who have opted out of participation, plan expenses, estimated impact
118.12 of the program on social safety net programs, and penalties and violations, and disciplinary
118.13 actions for enforcement, and deliver the report to the chairs and ranking minority members
118.14 of the legislative committees with jurisdiction over jobs and economic development and
118.15 state government finance, the executive directors of the State Board of Investment and the
118.16 Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

118.17 ~~(11)~~ (9) to file all reports required under the Internal Revenue Code or chapter 290;

118.18 ~~(12)~~ (10) to, at the board's discretion, seek and accept gifts, grants, and donations to be
118.19 used for the program, unless such gifts, grants, or donations would result in a conflict of
118.20 interest relating to the solicitation of service provider for program administration, and deposit
118.21 such gifts, grants, or donations in the Secure Choice administrative fund;

118.22 ~~(13)~~ (11) to, at the board's discretion, seek and accept appropriations from the state or
118.23 loans from the state or any agency of the state;

118.24 ~~(14)~~ (12) to assess the feasibility of partnering with another state or a governmental
118.25 subdivision of another state to administer the program through shared administrative
118.26 resources and, if determined beneficial, enter into contracts, agreements, memoranda of
118.27 understanding, or other arrangements with any other state or an agency or a subdivision of
118.28 any other state to administer, operate, or manage any part of the program, which may include
118.29 combining resources, investments, or administrative functions;

118.30 ~~(15)~~ (13) to hire, retain, and terminate third-party service providers as the board deems
118.31 necessary or desirable for the program, including but not limited to the trustees, consultants,
118.32 investment managers or advisors, custodians, insurance companies, recordkeepers,
118.33 administrators, consultants, actuaries, legal counsel, auditors, and other professionals,
118.34 provided that each service provider is authorized to do business in the state;

119.1 ~~(16)~~ (14) to interpret the program's governing documents and this chapter and make all
119.2 other decisions necessary to administer the program;

119.3 ~~(17)~~ (15) to conduct comprehensive employer and worker education and outreach
119.4 regarding the program that reflect the cultures and languages of the state's diverse workforce
119.5 population, which may, in the board's discretion, include collaboration with state and local
119.6 government agencies, community-based and nonprofit organizations, foundations, vendors,
119.7 and other entities deemed appropriate to develop and secure ongoing resources; and

119.8 ~~(18)~~ (16) to prepare notices for delivery to covered employees regarding the escalation
119.9 schedule and to each covered employee before the covered employee is subject to an
119.10 automatic contribution increase.

119.11 Sec. 18. Minnesota Statutes 2025 Supplement, section 187.11, is amended to read:

119.12 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

119.13 (a) The board may enter into intergovernmental agreements with the commissioner of
119.14 revenue, the commissioner of labor and industry, the commissioner of employment and
119.15 economic development, and any other state agency that the board deems necessary or
119.16 appropriate to provide outreach, technical assistance, or compliance services. An agency
119.17 that enters into an intergovernmental agreement with the board pursuant to this section must
119.18 collaborate and cooperate with the board to provide the outreach, technical assistance, or
119.19 compliance services under any such agreement. The board, executive director, and program
119.20 staff must maintain the privacy of data obtained under any intergovernmental agreement if
119.21 required under chapter 13.

119.22 (b) For purposes of section 268.19, subdivision 1, paragraph (a), clause (20), "assisting
119.23 with communication with employers and to verify employer compliance with chapter 187"
119.24 means providing the executive director with at least the following information for employers,
119.25 to the extent available to the commissioner of employment and economic development:

119.26 (1) federal employer identification number;

119.27 (2) business name, address, mailing address, email address, and phone number;

119.28 (3) number of employees; and

119.29 (4) employer industry code.

119.30 (c) The commissioner of administration must ~~provide~~ assist the executive director in
119.31 identifying and leasing suitable office space for the executive director and program staff in
119.32 the Capitol complex for the executive director and staff of the program the city of St. Paul.

120.1 Sec. 19. Minnesota Statutes 2025 Supplement, section 187.12, subdivision 1, is amended
120.2 to read:

120.3 Subdivision 1. **Failure to enroll covered employees ~~or distribute information.~~** (a)
120.4 The board may assess penalties against a covered employer that fails to comply with section
120.5 187.07, subdivision 1 ~~or 3 or both subdivisions 1 and 3, beginning with the second~~
120.6 ~~anniversary of the date on which the covered employer was first required to comply with~~
120.7 ~~section 187.07, subdivision 1 or 3, as applicable.,~~ paragraph (a), beginning with the second
120.8 anniversary of the last day of the applicable enrollment window or fails to comply with
120.9 section 187.07, subdivision 1, paragraph (b), beginning with the second anniversary of the
120.10 first paycheck after a covered employee's waiting period, as follows:

120.11 ~~(b) The board may assess the following penalties for a covered employer's failure to~~
120.12 ~~comply with section 187.07, subdivision 1 or 3:~~

120.13 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed
120.14 \$4,000;

120.15 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed
120.16 \$6,000;

120.17 (3) on the fourth anniversary, a penalty of \$300 per covered employee; and

120.18 (4) on each anniversary after the fourth anniversary, a penalty of \$500 per covered
120.19 employee.

120.20 ~~(c) If the covered employer fails to comply with section 187.07, subdivisions 1 and 3,~~
120.21 ~~the board must assess two times the penalties in paragraph (b).~~

120.22 ~~(d) The date on which a covered employer is first required to comply with section 187.07,~~
120.23 ~~subdivision 1, is the following:~~

120.24 (1) ~~for paragraph (a), on or before the 30th day after the first day of employment of a~~
120.25 ~~covered employee hired by the covered employer; and~~

120.26 (2) ~~for paragraph (b), on or before the 30th day after the end of the enrollment window~~
120.27 ~~applicable to the covered employer.~~

120.28 ~~(e) The date on which a covered employer is first required to comply with section 187.07,~~
120.29 ~~subdivision 3, is the following:~~

120.30 (1) ~~for paragraph (a), for a newly hired covered employee, no later than 14 days after~~
120.31 ~~the covered employee's first day of employment; and~~

121.1 ~~(2) for paragraph (b), no later than the 14th day prior to the date of the first paycheck~~
121.2 ~~from which employee contributions could be deducted for transmittal to the program.~~

121.3 Sec. 20. [187.13] REQUIRED NOTICES.

121.4 Subdivision 1. Notice to covered employees upon enrollment. (a) The board must
121.5 disseminate a notice regarding the program that is clear and concise to all covered employees
121.6 no later than seven days after a covered employee is enrolled by a covered employer.

121.7 (b) The information in the notice must include:

121.8 (1) the benefits and risks associated with participating in the program;

121.9 (2) procedures for enrolling in the program and opting out of the program, electing a
121.10 different or zero percent employee contribution rate, making investment elections, applying
121.11 for a distribution of employee accounts, and making a claim for benefits;

121.12 (3) the federal and state income tax consequences of participating in the program, which
121.13 may consist of or include the disclosure statement required to be distributed by trustees or
121.14 custodians under the Internal Revenue Code;

121.15 (4) how to obtain additional information on the program; and

121.16 (5) disclaimers of covered employer and state responsibility, including the following
121.17 statements:

121.18 (i) a covered employee seeking financial, investment, or tax advice should contact the
121.19 covered employee's advisors;

121.20 (ii) neither a covered employer nor the board, the program, or the state of Minnesota is
121.21 liable for decisions a covered employee makes regarding the covered employee's account
121.22 in the program;

121.23 (iii) neither a covered employer nor the state of Minnesota guarantees the accounts in
121.24 the program or any particular investment rate of return; and

121.25 (iv) neither a covered employer nor the state of Minnesota monitors or has an obligation
121.26 to monitor a covered employee's eligibility under the Internal Revenue Code to make
121.27 contributions to an account in the program or whether the covered employee's contributions
121.28 to an account in the program exceed the maximum permissible contribution under the
121.29 Internal Revenue Code.

121.30 Subd. 2. Annual notice to covered employees. The executive director must communicate
121.31 annually by email or other means in writing to each covered employee:

122.1 (1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in
122.2 effect under sections 408 and 408A of the Internal Revenue Code; and

122.3 (2) that it is the responsibility of the covered employee to reduce the covered employee's
122.4 contribution rate from the rate under section 187.07, subdivision 1a, as necessary to stay
122.5 within the limit under section 408 or 408A of the Internal Revenue Code that is applicable
122.6 to the covered employee and the type of IRA to which the contributions are being credited.

122.7 **Sec. 21. [187.14] CONFIDENTIALITY OF DATA AND NONSOLICITATION.**

122.8 Subdivision 1. Confidentiality of data. Covered employee data, account owner data,
122.9 account data, and data on beneficiaries of accounts are private data. The program, executive
122.10 director, and program staff must not disclose private data on individuals, as defined in
122.11 section 13.02, to anyone other than the covered employee, account owner, or beneficiary,
122.12 except:

122.13 (1) pursuant to a court order;

122.14 (2) upon the written consent of the covered employee, account owner, beneficiary, or
122.15 other person who provides the data or is the subject of the data; or

122.16 (3) to a third party with which the program has contracted to perform administrative or
122.17 record-keeping functions, but only to the extent necessary to carry out the functions and
122.18 subject to the requirements of this subdivision as if the third party were the program.

122.19 Subd. 2. Nonsolicitation restriction. Neither program staff nor a third-party
122.20 administrator, record keeper, or any other vendor or consultant with which the program has
122.21 contracted may solicit a covered employee, an account owner, or a beneficiary for any
122.22 product or services not related to the program.

122.23 **Sec. 22. REPEALER.**

122.24 Minnesota Statutes 2025 Supplement, section 187.07, subdivision 3, is repealed.

122.25 **Sec. 23. EFFECTIVE DATE.**

122.26 Sections 1 to 22 are effective the day following final enactment.

123.1

ARTICLE 10

123.2

SUPPLEMENTAL PLANS

123.3 Section 1. Minnesota Statutes 2024, section 356.24, subdivision 3, is amended to read:

123.4 Subd. 3. **Deferred compensation plan.** (a) As used in this section:

123.5 (1) "deferred compensation plan" means a plan that satisfies the requirements of this
123.6 subdivision;

123.7 (2) "plan administrator" means the individual or entity defined as the plan administrator
123.8 in the plan document for the Minnesota deferred compensation plan under section 352.965
123.9 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

123.10 (3) "vendor" means the provider of an annuity contract, custodial account, or retirement
123.11 income account under a tax-sheltered annuity plan under section 403(b) of the Internal
123.12 Revenue Code.

123.13 (b) The plan is:

123.14 (1) the Minnesota deferred compensation plan under section 352.965;

123.15 (2) a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code; or

123.16 (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

123.17 (c) For each investment fund available to participants under the plan, other than in a
123.18 self-directed brokerage account or fixed annuity contract, the plan administrator or vendor
123.19 discloses at least annually to participants a statement that sets forth (1) all fees, including
123.20 administrative, maintenance, and investment fees, that impact the rate of return on each
123.21 investment fund available under the plan, and (2) the rates of return for the prior one-, five-,
123.22 and ten-year periods or for the life of the fund, if shorter, in an easily understandable
123.23 document. ~~The plan administrator or vendor must file a copy of this statement annually with~~
123.24 ~~the executive director of the Legislative Commission on Pensions and Retirement.~~

123.25 (d) Enrollment in the plan is provided for in:

123.26 (1) a personnel policy of the public employer;

123.27 (2) a collective bargaining agreement between the public employer and the exclusive
123.28 representative of public employees in an appropriate unit; or

123.29 (3) an individual employment contract (i) between a city and a city manager or other
123.30 management employee, or (ii) between a school district and a superintendent or other
123.31 management employee.

124.1 (e) The plan covers employees of a school district, state agency, or other governmental
124.2 subdivision. The plan may cover city managers covered by an alternative retirement
124.3 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
124.4 employees of the Board of Trustees of Minnesota State Colleges and Universities who are
124.5 covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

124.6 (f) If the public employer makes matching contributions to the plan, the matching
124.7 contributions must match, on a dollar for dollar basis, employee elective deferral contributions
124.8 not to exceed the lesser of (1) the maximum authorized under the policy described in
124.9 paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the
124.10 annual limit on elective deferrals under section 402(g) of the Internal Revenue Code. In
124.11 lieu of or in addition to matching an employee's elective deferral contributions, the public
124.12 employer may make employer matching contributions on behalf of an employee on account
124.13 of qualified student loan payments, as defined in the Secure 2.0 Act of 2022, Public Law
124.14 117-328 (December 29, 2022), Division T, section 110, paragraph (b), and any regulations
124.15 adopted thereunder. The employer matching contributions on account of an employee's
124.16 qualified student loan payments plus any employer matching contributions that match an
124.17 employee's elective deferral contributions must not exceed, for the year, the lesser of (1)
124.18 the maximum authorized under the policy described in paragraph (d) that provides for
124.19 enrollment in the plan or program, (2) one-half of the annual limit on elective deferrals
124.20 under section 402(g) of the Internal Revenue Code, or (3) the employee's compensation for
124.21 the year.

124.22 (g) Contributions to the plan may include contributions deducted from an employee's
124.23 sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized
124.24 as employee contributions or nonelective employer contributions, up to applicable limits
124.25 under the Internal Revenue Code. Such contributions are not subject to the match requirement
124.26 and limit in paragraph (f).

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

124.28

ARTICLE 11

124.29

HEALTH CARE SAVINGS PLAN

124.30 Section 1. Minnesota Statutes 2024, section 352.98, subdivision 3, is amended to read:

124.31 Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a personnel
124.32 policy ~~or in a~~ collective bargaining agreement, participation plan, or resolution of the
124.33 governing body of a public employer or political subdivision.

125.1 (b) The executive director may offer different types of trusts permitted under the Internal
125.2 Revenue Code to best meet the needs of different employer units.

125.3 ~~(b)~~ (c) Contributions to the plan by or on behalf of the participant must be held in trust
125.4 for reimbursement of eligible health-related expenses for participants and their dependents
125.5 following termination from public employment or in other circumstances set forth in the
125.6 plan document. The executive director shall maintain a separate account of the contributions
125.7 made by or on behalf of each participant and the earnings thereon. The executive director
125.8 shall make available a limited range of investment options, and each participant may direct
125.9 the investment of the accumulations in the participant's account among the investment
125.10 options made available by the executive director.

125.11 ~~(e)~~ (d) This section does not obligate a public employer to meet and negotiate in good
125.12 faith with the exclusive bargaining representative of any public employee group regarding
125.13 an employer contribution to a postretirement or active employee health care savings plan
125.14 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent
125.15 of the legislature to authorize the state to incur new funding obligations for the costs of
125.16 retiree health care or the costs of administering retiree health care plans or accounts.

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

125.18 **ARTICLE 12**
125.19 **WORK GROUPS**

125.20 Section 1. **WORK GROUP ON VESTING AND EMERGENCY MEDICAL**
125.21 **PROVIDERS IN FIREFIGHTER RELIEF ASSOCIATIONS AND THE STATEWIDE**
125.22 **VOLUNTEER FIREFIGHTER PLAN.**

125.23 **Subdivision 1. Work group established; purpose.** The executive director of the
125.24 **Legislative Commission on Pensions and Retirement (commission executive director) must**
125.25 **convene a work group for the purpose of recommending legislation that would:**

125.26 **(1) shorten the vesting schedule for firefighter relief associations to a maximum of ten**
125.27 **years;**

125.28 **(2) require that firefighter relief associations include volunteer or paid on-call emergency**
125.29 **medical providers as members on the same basis as volunteer or paid on-call firefighters;**
125.30 **and**

125.31 **(3) make the same changes to the PERA Statewide Volunteer Firefighter Plan (SVF) as**
125.32 **are recommended for firefighter relief associations.**

126.1 Subd. 2. **Membership.** (a) The members of the work group are the following:

126.2 (1) a representative from the Minnesota Association of Townships;

126.3 (2) a representative from the Minnesota Association of Small Cities;

126.4 (3) a representative from the League of Minnesota Cities;

126.5 (4) a representative from the Minnesota State Fire Chiefs Association;

126.6 (5) a representative from the Minnesota State Fire Departments Association;

126.7 (6) a representative of the Office of Emergency Medical Services, designated by the

126.8 director of the Office of Emergency Medical Services;

126.9 (7) a representative of the Office of the State Auditor, designated by the state auditor;

126.10 and

126.11 (8) the executive director of the Public Employees Retirement Association, or the

126.12 executive director's designee.

126.13 (b) The commission executive director may invite others, including the commission's

126.14 actuary, to participate in one or more meetings of the work group.

126.15 (c) The organizations and agencies specified in paragraph (a) must provide the

126.16 commission executive director with the names and contact information for the representatives

126.17 who will serve on the work group by June 12, 2026.

126.18 Subd. 3. **Mandate.** In arriving at the work group's recommendations, the work group

126.19 must determine and consider:

126.20 (1) whether shortening vesting schedules has any impact on a relief association or SVF

126.21 fire department's liabilities or funded status and, if so, what options are available to lessen

126.22 the impact;

126.23 (2) any studies or data supporting or critical of the premise that longer vesting schedules

126.24 aid retention or recruitment;

126.25 (3) how many fire departments, whether affiliated with a relief association or participating

126.26 in the SVF, have emergency medical providers who solely perform that function, how many

126.27 of these emergency medical providers are in each fire department, and the funded status of

126.28 the affiliated relief association or SVF account;

126.29 (4) the basis, if any, for excluding emergency medical providers from firefighter relief

126.30 associations and the SVF;

127.1 (5) the cost of requiring past service credit be provided to emergency medical providers
127.2 when the providers become members of relief associations that are defined benefit plans or
127.3 the SVF defined benefit plan and options for providing past service credit (that is, as far
127.4 back as a provider has active service in the fire department or back to 2019);

127.5 (6) whether the chronic overfunding in relief associations and the SVF can be expected
127.6 to cover any liabilities under clause (1) or costs under clause (3) and what options are
127.7 available for relief associations or fire department accounts in the SVF that are not
127.8 overfunded;

127.9 (7) options for phasing in the shorter vesting schedules and requiring coverage of and
127.10 past service credit for emergency medical providers; and

127.11 (8) any other issues related to vesting and eligibility that merit discussion by the work
127.12 group and inclusion in the recommendations.

127.13 Subd. 4. **Recommendations; proposed legislation.** (a) With the assistance of the
127.14 commission executive director, the work group must prepare proposed legislation that
127.15 implements the recommendations of the work group. If the work group recommends more
127.16 than one approach, the work group must provide alternative bills.

127.17 (b) The commission executive director must submit the recommendations of the work
127.18 group, along with proposed legislation that implements the recommendations, to the
127.19 Legislative Commission on Pensions and Retirement by January 29, 2027, or, if later, the
127.20 date all members of the commission have been appointed for the 2027-2028 biennium.

127.21 Subd. 5. **Meetings; chair; administrative support.** (a) The commission executive
127.22 director must convene the first meeting of the work group by July 27, 2026.

127.23 (b) The members of the work group must elect a chair or co-chairs at the first meeting.
127.24 The chair or co-chair is not required to be a member of the work group.

127.25 (c) Meetings may be conducted remotely or in person or a combination of remotely and
127.26 in person.

127.27 (d) Commission staff must provide meeting space, if needed, and administrative support
127.28 to the chair or co-chairs of the work group.

127.29 Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve
127.30 without compensation.

127.31 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter
127.32 10A.

128.1 (c) An individual's employer or an organization or association of which an individual
128.2 is a member must not retaliate against the individual because of the individual's participation
128.3 in the work group.

128.4 Subd. 7. **Expiration.** The work group expires June 30, 2027.

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

128.6 Sec. 2. **WORK GROUP ON DUTY DISABILITY AND THE PUBLIC SAFETY**
128.7 **OFFICER'S BENEFIT ACCOUNT.**

128.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
128.9 the meanings given.

128.10 (b) "Commission" means the Legislative Commission on Pensions and Retirement.

128.11 (c) "Executive director" means the executive director of the commission.

128.12 (d) "LCPR account" means the account established in the Legislative Coordinating
128.13 Commission that contains \$26,694, as of April 1, 2026, and was funded in fiscal year 2024
128.14 with a \$100,000 appropriation to the Legislative Coordinating Commission for the Legislative
128.15 Commission on Pensions and Retirement pursuant to Laws 2023, chapter 45, article 6,
128.16 section 3.

128.17 (e) "Maximum benefit" means the duty disability benefit under Minnesota Statutes,
128.18 section 353.656, or the employer's cost to provide the health insurance coverage under
128.19 Minnesota Statutes, section 299A.465.

128.20 (f) "Police and fire plan" means the public employees police and fire plan administered
128.21 by the Public Employees Retirement Association.

128.22 (g) "Public safety officer's benefit account" means the account established under
128.23 Minnesota Statutes, section 299A.42.

128.24 (h) "VA disability schedule" means the schedule for rating disabilities under Code of
128.25 Federal Regulations, title 38, part 4, published by the Veterans Affairs Department and most
128.26 recently amended on March 20, 2024.

128.27 Subd. 2. **Need for a work group.** The commission has identified the following reasons
128.28 for establishing a work group:

128.29 (1) the public safety officer's benefit account is anticipated to be depleted by 2028 based
128.30 on information provided by the Department of Management and Budget;

129.1 (2) the rate of approval by the Public Employees Retirement Association of duty disability
129.2 applications is approximately 100 percent;

129.3 (3) since only one annual report has been filed by the commissioner of public safety
129.4 under Minnesota Statutes, section 299A.42, subdivision 2, and the report contains minimal
129.5 information on reimbursements in the categories for treatment, salary, fringe benefits, and
129.6 health care insurance, the commission is unable to use this report to determine trends,
129.7 per-member reimbursements, or related information;

129.8 (4) waiting until May 20, 2027, to receive the report from the executive director of the
129.9 Public Employees Retirement Association under Minnesota Statutes, section 353.032,
129.10 subdivision 11, regarding the impact on public safety duty disability trends and costs is too
129.11 late to allow for a legislative solution if trends indicate psychological condition treatment
129.12 is not resulting in police and fire plan members being able to return to work rather than take
129.13 a leave of absence for duty disability;

129.14 (5) minimal information is available regarding whether police officers and firefighters
129.15 who retire under the police and fire plan before age 65 are able to obtain health insurance
129.16 coverage at a reasonable cost until age 65 when Medicare is available and whether there
129.17 are options available to the police officers and firefighters to obtain adequate coverage;

129.18 (6) there has been an increase of over 100 percent in the cost of duty disability benefits
129.19 as reflected in the change between the 2024 actuarial valuation of the police and fire plan
129.20 and the 2025 actuarial valuation and the effect of this increase on the overall health of the
129.21 police and fire plan; and

129.22 (7) to determine how to formulate solutions to the reasons in clauses (1) to (6), legislators
129.23 and other decision makers need a better understanding of the interaction of workers'
129.24 compensation, the availability and cost of health insurance coverage upon retirement or
129.25 reemployment, the application process for and amount of duty disability benefits, the ability
129.26 of public employers to continue to offer health insurance coverage to duty-disabled and
129.27 retired employees, and the federally provided benefits for public safety officers.

129.28 Subd. 3. **Work group established; purpose.** The executive director must convene a
129.29 work group for the purpose of recommending legislation that would:

129.30 (1) reform duty disability for members of the police and fire plan; and

129.31 (2) ensure that members of the police and fire plan who become duty disabled or retire
129.32 have access to affordable health insurance coverage until Medicare eligibility.

129.33 Subd. 4. **Membership.** (a) The members of the work group are the following:

- 130.1 (1) one representative from the Minnesota Police and Peace Officers Association;
130.2 (2) one representative from the Minnesota Professional Fire Fighters Association;
130.3 (3) one representative from Law Enforcement Labor Services;
130.4 (4) one representative from the League of Minnesota Cities;
130.5 (5) one representative from the Association of Minnesota Counties;
130.6 (6) one representative from the Minnesota Inter-County Association;
130.7 (7) one representative from the Coalition of Greater Minnesota Cities;
130.8 (8) one representative from the Minnesota Chiefs of Police Association;
130.9 (9) one representative from the Minnesota State Fire Chiefs Association;
130.10 (10) one representative from the Minnesota Sheriffs' Association;
130.11 (11) the executive director of the Public Employees Retirement Association or the
130.12 executive director's designee;
130.13 (12) the commissioner of public safety or the commissioner's designee;
130.14 (13) the commissioner of labor and industry or the commissioner's designee;
130.15 (14) the assistant commissioner of the Workers' Compensation Division of the Department
130.16 of Labor and Industry or the assistant commissioner's designee;
130.17 (15) one designee of the commissioner of management and budget with expertise in the
130.18 public employees insurance program and the state employee group insurance program; and
130.19 (16) legislators who are members of the commission and who commit to attending most
130.20 meetings of the work group.
130.21 (b) Each of the organizations or agencies specified in paragraph (a) may designate an
130.22 alternate who is entitled to participate in meetings of the work group along with the
130.23 designated representative. The co-chairs may establish rules regarding the participation of
130.24 alternates in meetings as necessary to ensure that all representatives have the opportunity
130.25 to speak.
130.26 (c) The executive director may invite others to participate in one or more meetings of
130.27 the work group.
130.28 (d) Each organization and agency specified in paragraph (a) must provide the executive
130.29 director with the names and contact information for the representative and alternate who

131.1 will serve on the work group by June 19, 2026. Legislators who wish to serve on the work
131.2 group must notify the executive director by June 19, 2026.

131.3 Subd. 5. **Mandate.** (a) Legislation recommended by the work group must address each
131.4 topic in paragraphs (b) to (h), or the work group must explain in an accompanying report
131.5 the consideration given to the topic and the reasons the legislation does not address the
131.6 topic.

131.7 (b) Benefit adequacy. The work group must address the adequacy of the retirement,
131.8 medical, and other welfare-related benefits to disabled members of the police and fire plan
131.9 with the objective of establishing a comprehensive package of benefits.

131.10 (c) Funding of the public safety officer's benefit account. To fund the public safety
131.11 officer's benefit account established under Minnesota Statutes, section 299A.42, the work
131.12 group must recommend options, including but not limited to:

131.13 (1) requiring members of the police and fire plan to contribute a percentage of pay on
131.14 a pre-tax basis to the account;

131.15 (2) requiring the Department of Public Safety to reimburse public employers under
131.16 Minnesota Statutes, section 299A.465, subdivision 4, if there is not sufficient money in the
131.17 account to satisfy all requests for reimbursement;

131.18 (3) securing permanent funding for the account; and

131.19 (4) requiring the State Board of Investment to invest the account and credit the account
131.20 with investment earnings and losses.

131.21 (d) Affordable retiree health insurance coverage. To ensure affordable options for
131.22 providing health insurance coverage are available to retirees under the police and fire plan
131.23 during retirement, to age 65, the work group must recommend options, including but not
131.24 limited to:

131.25 (1) allowing members of the police and fire plan during employment to contribute to an
131.26 account on a pre-tax basis to pay premiums, co-pays, and other costs of medical care during
131.27 retirement; and

131.28 (2) allowing retirees to be covered by the state employee group insurance program from
131.29 retirement to age 65.

131.30 (e) Duty disability definition, assessment, and process reform. To restructure the
131.31 procedures for assessing duty disability under the police and fire plan and continued health

132.1 insurance coverage during the period of disability, the work group must recommend options,
132.2 including but not limited to:

132.3 (1) revising the definition of "duty disability" as defined in Minnesota Statutes, section
132.4 353.01, subdivision 41, as necessary to be consistent with this paragraph;

132.5 (2) assessing the potential for fraudulent applications for duty disability benefits and
132.6 implementing measures that can be implemented to detect fraud;

132.7 (3) requiring that duty disability applications be assessed by referring to the VA disability
132.8 schedule, which indicates the extent to which a disability impairs a member's ability to
132.9 perform the functions of the member's employment position, such that the percentage derived
132.10 from the VA disability schedule would be applied to both maximum benefits and the resulting
132.11 benefits are the duty disability and health insurance continuation benefits to which the
132.12 member is entitled;

132.13 (4) requiring the decision on whether a member has a duty disability be based on a
132.14 medical assessment from a medical professional who is not treating the member for the
132.15 disability; and

132.16 (5) the establishment of a duty disability review board to consider and determine
132.17 eligibility for duty disability benefits and continued health insurance coverage consisting
132.18 of one representative appointed by each of the following organizations:

132.19 (i) Minnesota Chiefs of Police Association;

132.20 (ii) Minnesota State Fire Chiefs Association;

132.21 (iii) Minnesota Sheriffs' Association;

132.22 (iv) Minnesota Police and Peace Officers Association;

132.23 (v) Minnesota Professional Fire Fighters Association;

132.24 (vi) Law Enforcement Labor Services;

132.25 (vii) League of Minnesota Cities;

132.26 (viii) Association of Minnesota Counties;

132.27 (ix) Minnesota Board of Psychology; and

132.28 (x) Minnesota Board of Medical Practice.

132.29 The work group must provide a governance structure for the duty disability review board,
132.30 including its leadership, meeting schedule, voting and procedural rules, and a process for
132.31 reviewing cases and determine the review board's relationship to the Public Employees

133.1 Retirement Association, including the association's transfer of application and supporting
133.2 documentation to the review board on a confidential basis.

133.3 (f) Report assessment. The work group must consider the following reports and address
133.4 key considerations, challenges, recommendations, and shortcomings identified in the reports
133.5 in the legislation recommended by the work group:

133.6 (1) "Adequacy of Disability Benefits for Minnesota Police Officers: Final Report,"
133.7 January 2023, prepared by numerous authors and presented to the Department of Labor and
133.8 Industry; and

133.9 (2) "Evaluating PTSD claims in Minnesota's workers' compensation system: Findings
133.10 and recommendations," October 2025, prepared by numerous authors in collaboration with
133.11 the Department of Labor and Industry.

133.12 (g) Psychological treatment assessment. The work group must assess the success of the
133.13 psychological condition treatment required under Minnesota Statutes, section 353.032, in
133.14 returning members of the police and fire plan to the workforce and whether the requirement
133.15 should be repealed in favor of other treatment options that are likely to have more success.
133.16 Options include but are not limited to contracting with resident treatment programs, such
133.17 as the IAFF Center of Excellence for Behavioral Health Treatment and Recovery.

133.18 (h) Department of Public Safety reporting. The work group must assess the required
133.19 reporting by the commissioner of public safety under Minnesota Statutes, section 299A.42,
133.20 subdivision 2, and provide more specificity regarding the information that must be reported
133.21 and penalties if information is not reported by the due date in section 299A.42, subdivision
133.22 2.

133.23 Subd. 6. **Timely response by agencies.** Upon the request of a co-chair of the work group
133.24 or the executive director, the commissioner of public safety, labor and industry, or
133.25 management and budget, or the executive director of the Public Employees Retirement
133.26 Association, as applicable, must promptly furnish the work group with any data requested
133.27 as the work group determines is necessary to fulfill its purpose.

133.28 Subd. 7. **Retention of experts.** (a) The executive director, working with the co-chairs
133.29 of the work group, may retain the services of experts, including attorneys and consultants,
133.30 to advise the work group on topics on which no state agency personnel have expertise,
133.31 including but not limited to tax-deferred options for setting aside compensation to pay for
133.32 health insurance coverage during periods of duty disability or retirement and the application
133.33 of the VA disability schedule to injuries and illness.

134.1 (b) With the consent of the chair, vice chair, or secretary of the commission, the executive
134.2 director may pay for the services of experts under paragraph (a) with money in the LPCR
134.3 account.

134.4 Subd. 8. **Recommendations; proposed legislation.** (a) With the assistance of the
134.5 executive director, the work group must prepare proposed legislation that implements the
134.6 recommendations of the work group. If the work group recommends more than one approach,
134.7 the work group must provide alternative legislation.

134.8 (b) The executive director must submit the recommendations of the work group, along
134.9 with proposed legislation that implements the recommendations, to the commission by
134.10 March 1, 2027, or the date all members of the commission have been appointed for the
134.11 2027-2028 biennium, whichever is later.

134.12 Subd. 9. **Meetings; chair; administrative support.** (a) The executive director must
134.13 convene the first meeting of the work group by June 30, 2026.

134.14 (b) The members of the work group must elect two co-chairs at the first meeting. The
134.15 co-chairs are not required to be members of the work group.

134.16 (c) Meetings may be conducted remotely or in person or a combination of remotely and
134.17 in person.

134.18 (d) Commission staff must provide meeting space, if needed, and administrative support
134.19 to the co-chairs of the work group.

134.20 Subd. 10. **Compensation; lobbying; retaliation.** (a) Members of the work group serve
134.21 without compensation.

134.22 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter
134.23 10A.

134.24 (c) An individual's employer or an organization or association of which an individual
134.25 is a member must not retaliate against the individual because of the individual's participation
134.26 in the work group.

134.27 Subd. 11. **Expiration.** The work group expires June 30, 2028.

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

135.1 **Sec. 3. AUTHORIZING USE OF MONEY IN THE LCPR ACCOUNT.**

135.2 (a) For purposes of this section, the terms used in section 1 have the same meaning when
135.3 the terms are used in this section and "work group" means the work group established under
135.4 section 1.

135.5 (b) The LCPR account may be used:

135.6 (1) for independent actuarial cost assessments for the commission; and

135.7 (2) with the consent of the chair, vice chair, or secretary of the commission, to pay costs
135.8 incurred by the executive director, on behalf of the commission, to retain experts, including
135.9 attorneys and consultants, to advise the work group on topics on which no state agency
135.10 personnel have expertise, including but not limited to tax-deferred options for setting aside
135.11 compensation to pay for health insurance coverage during periods of duty disability or
135.12 retirement and the application of the VA disability schedule to injuries and illness based on
135.13 which a member of the police and fire plan has applied for duty disability benefits.

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

135.15 **ARTICLE 13**

135.16 **SPECIAL LEGISLATION**

135.17 **Section 1. MISSING IRAP ACCOUNT OF AN ELIGIBLE PERSON.**

135.18 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
135.19 the meanings given.

135.20 (b) "Board of trustees" has the meaning given in Minnesota Statutes, section 354B.20,
135.21 subdivision 11.

135.22 (c) "IRAP" means the higher education individual retirement account plan established
135.23 by Minnesota Statutes, chapter 354B.

135.24 (d) "MN State" means Minnesota State Colleges and Universities.

135.25 Subd. 2. **Location of IRAP account required.** (a) Notwithstanding any state law to the
135.26 contrary, MN State must locate the IRAP account of the eligible person described in
135.27 paragraph (b) to which contributions deducted from the eligible person's pay in 1991 through
135.28 1994 were deposited or pay the eligible person an amount of \$30,000.

135.29 (b) The eligible person is a person who:

135.30 (1) was employed by Winona State University from July 1, 1991, to June 30, 1996; and

136.1 (2) has copies of pay stubs showing payroll deduction contributions to the IRAP dated
136.2 December 27, 1991; March 20, 1992; August 21, 1992; March 5, 1993; and April 16, 1993,
136.3 in amounts of \$18.72 or \$19.93, which must be considered as adequate proof that payroll
136.4 deduction contributions were taken each pay period beginning September 3, 1991, to October
136.5 31, 1994, for deposit into the eligible person's IRAP account.

136.6 (c) No later than 60 days after the effective date of this section, the board of trustees
136.7 must either:

136.8 (1) locate the eligible person's IRAP account to which payroll deduction contributions
136.9 were deposited and provide the eligible person with information regarding the individual
136.10 or entity holding the IRAP account, an accounting of the amounts contributed and investment
136.11 earnings thereon, and instructions on how the eligible person can access the account; or

136.12 (2) pay the eligible person an amount equal to \$30,000.

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

136.14 **Sec. 2. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION GENERAL**
136.15 **EMPLOYEES RETIREMENT PLAN; SERVICE CREDIT PURCHASE BY AN**
136.16 **ELIGIBLE EMPLOYEE.**

136.17 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
136.18 meanings given:

136.19 (1) "city" means the city of Minneapolis;

136.20 (2) "executive director" means the executive director of the Public Employees Retirement
136.21 Association;

136.22 (3) "fund" means the general employees retirement fund administered by the Public
136.23 Employees Retirement Association; and

136.24 (4) "general plan" means the general employees retirement plan of the Public Employees
136.25 Retirement Association.

136.26 Subd. 2. **Authorization.** (a) Notwithstanding any state law to the contrary, an eligible
136.27 person described in subdivision 3 is entitled to:

136.28 (1) have the city pay the amount required under subdivision 5, paragraph (a), on the
136.29 eligible person's behalf; and

137.1 (2) upon the city making the payments required under subdivision 5, paragraphs (a) and
137.2 (b), receive credit for allowable service in the general plan for the periods of service described
137.3 in subdivision 4.

137.4 (b) Upon receiving the payments described in subdivision 5, the executive director must
137.5 credit the eligible person with allowable service for the periods of service described in
137.6 subdivision 4.

137.7 Subd. 3. **Eligible person.** An eligible person is a person who:

137.8 (1) was initially employed by the city on April 26, 2016, in the fleet services division
137.9 of the public works department;

137.10 (2) received salary for periods of employment with the city that occurred beginning May
137.11 29, 2016, through November 4, 2022, and during portions of those periods of employment
137.12 the city failed to deduct employee contributions and make employer contributions as required
137.13 by Minnesota Statutes, section 353.27; and

137.14 (3) terminated employment with the city on November 4, 2022.

137.15 Subd. 4. **Periods of uncredited prior service.** The periods of uncredited prior service
137.16 available for purchase are:

137.17 (1) May 29, 2016, through October 15, 2016;

137.18 (2) April 11, 2017, through October 10, 2017; and

137.19 (3) April 27, 2018, through November, 24, 2018.

137.20 Subd. 5. **Payment by employer.** (a) On behalf of the eligible person, the city must pay
137.21 to the fund an amount equal to the total amount of employee contributions that would have
137.22 been deducted from the eligible person's salary and paid to the fund based on the eligible
137.23 person's salary for each period of employment described in subdivision 4, plus interest
137.24 compounded annually at the applicable annual rate or rates specified in Minnesota Statutes,
137.25 section 356.59, subdivision 3, from the date each employee contribution deduction should
137.26 have been paid until the date the payment is made.

137.27 (b) The city must pay to the fund an amount equal to the total amount of employer
137.28 contributions that the city would have made to the fund based on the eligible person's salary
137.29 for each period of employment described in subdivision 4, plus interest compounded annually
137.30 at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59,
137.31 subdivision 3, from the date each employer contribution should have been paid until the
137.32 date the payment is made.

138.1 (c) The executive director must determine the amount of the payments required under
138.2 paragraphs (a) and (b) and notify the city and the eligible person regarding the amount and
138.3 the basis for determining the amount.

138.4 (d) The city must make the payments required under paragraphs (a) and (b) in a lump
138.5 sum no later than 60 days after the date on which the executive director notifies the city
138.6 under paragraph (c).

138.7 Subd. 6. **Collection of unpaid amounts.** If the city fails to make all of the payments
138.8 required by subdivision 5, the executive director must follow the procedures in Minnesota
138.9 Statutes, section 353.28, subdivision 6, to collect the amount not paid.

138.10 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon approval
138.11 by the Minneapolis City Council and compliance with Minnesota Statutes, section 645.021.

138.12

ARTICLE 14

138.13

STATE BOARD OF INVESTMENT

138.14 Section 1. Minnesota Statutes 2025 Supplement, section 11A.04, is amended to read:

138.15 **11A.04 DUTIES AND POWERS; APPROPRIATION.**

138.16 The state board shall:

138.17 (1) Act as trustees for each fund for which it invests or manages money in accordance
138.18 with the standard of care set forth in section 11A.09 if state assets are involved and in
138.19 accordance with chapter 356A if pension assets are involved.

138.20 (2) Formulate policies and procedures deemed necessary and appropriate to carry out
138.21 its functions. Procedures adopted by the state board must allow fund beneficiaries and
138.22 members of the public to become informed of proposed board actions. Procedures and
138.23 policies of the state board are not subject to the Administrative Procedure Act.

138.24 (3) Employ an executive director as provided in section 11A.07.

138.25 (4) ~~Employ~~ Retain investment advisors and consultants as it deems necessary.

138.26 (5) Prescribe policies concerning personal investments of all employees of the state
138.27 board to prevent conflicts of interest.

138.28 (6) Maintain a record of its proceedings.

138.29 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
138.30 assist the state board in carrying out its duties.

139.1 (8) Not permit state funds to be used for the underwriting or direct purchase of municipal
139.2 securities from the issuer or the issuer's agent.

139.3 (9) Direct the commissioner of management and budget to sell property other than money
139.4 that has escheated to the state when the state board determines that sale of the property is
139.5 in the best interest of the state. Escheated property must be sold to the highest bidder in the
139.6 manner and upon terms and conditions prescribed by the state board.

139.7 (10) Undertake any other activities necessary to implement the duties and powers set
139.8 forth in this section.

139.9 (11) Establish a formula or formulas to measure management performance and return
139.10 on investment. Public pension funds in the state shall utilize the formula or formulas
139.11 developed by the state board.

139.12 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the state
139.13 of Minnesota, employ retain, at its discretion, qualified private external firms to invest and,
139.14 manage, or provide services with respect to the assets of funds over which the state board
139.15 has investment management responsibility. ~~There is annually appropriated to the state board,~~
139.16 ~~from the assets of the funds for which the state board utilizes a private investment manager,~~
139.17 ~~sums sufficient to pay the costs of employing private firms. Each year, by January 15, the~~
139.18 ~~board shall report to the governor and legislature on the cost and the investment~~ The state
139.19 board must include in the report required under section 11A.07, subdivision 4, clause (8),
139.20 the management fees paid under this clause and the performance of each investment manager
139.21 employed retained by the state board.

139.22 (13) Adopt an investment policy statement that includes investment objectives, asset
139.23 allocation, and the investment management structure for the retirement fund assets under
139.24 its control. The statement may be revised at the discretion of the state board. The state board
139.25 shall seek the advice of the council regarding its investment policy statement. Adoption of
139.26 the statement is not subject to chapter 14.

139.27 (14) Adopt a compensation plan setting the terms and conditions of employment for
139.28 unclassified employees of the state board pursuant to section 43A.18, subdivision 3b.

139.29 (15) Contract, as necessary, with the board of trustees of the Minnesota State Colleges
139.30 and Universities System for the provision of investment review and selection services under
139.31 section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

139.32 There is annually appropriated to the state board, from the assets of the funds for which
139.33 the state board provides investment services, sums sufficient to pay the ~~costs of all necessary~~

140.1 expenses ~~for the administration~~ of the state board, including any fees or expenses charged
140.2 by advisors, consultants, or external firms. These sums will be deposited in the State Board
140.3 of Investment operating account, which must be established by the commissioner of
140.4 management and budget in the special revenue fund.

140.5 Sec. 2. Minnesota Statutes 2025 Supplement, section 11A.07, subdivision 4, is amended
140.6 to read:

140.7 Subd. 4. **Duties and powers.** The executive director, at the direction of the state board,
140.8 shall:

140.9 (1) plan, direct, coordinate, and execute administrative and investment functions in
140.10 conformity with the policies and directives of the state board and the requirements of this
140.11 chapter and of chapter 356A;

140.12 (2) prepare and submit biennial and annual budgets to the state board and with the
140.13 approval of the state board submit the budgets to the Department of Management and Budget;

140.14 (3) employ professional and clerical staff as necessary;

140.15 (4) report to the state board on all operations under the executive director's control and
140.16 supervision;

140.17 (5) maintain accurate and complete records of securities transactions and official
140.18 activities;

140.19 (6) establish a policy, which is subject to state board approval, relating to the purchase
140.20 and sale of securities on the basis of competitive offerings or bids;

140.21 (7) cause securities acquired to be kept in the custody of the commissioner of management
140.22 and budget or other depositories consistent with chapter 356A, as the state board deems
140.23 appropriate;

140.24 (8) prepare and file with the director of the Legislative Reference Library a report
140.25 summarizing the activities of the state board, the council, and the executive director during
140.26 the preceding fiscal year;

140.27 (9) include on the state board's website its annual report and an executive summary of
140.28 its quarterly reports;

140.29 (10) require state officials from any department or agency to produce and provide access
140.30 to any financial documents the state board deems necessary in the conduct of its investment
140.31 activities;

141.1 (11) with respect to any fund for which the state board provides investment services,
 141.2 modify the billing procedure or apportionment of expenses under subdivision 5 to the extent
 141.3 the executive director determines is appropriate or necessary, with any such modification
 141.4 consistent with the applicable duties in this chapter and section 356A.04;

141.5 ~~(11)~~ (12) receive and expend legislative appropriations; and

141.6 ~~(12)~~ (13) undertake any other activities necessary to implement the duties and powers
 141.7 set forth in this subdivision consistent with chapter 356A.

141.8 Sec. 3. Minnesota Statutes 2024, section 11A.07, subdivision 5, is amended to read:

141.9 Subd. 5. **Apportionment of expenses.** (a) The annual expenses incurred by the State
 141.10 Board of Investment will state board, including any fees or expenses charged by advisors,
 141.11 consultants, or external firms, must be apportioned among the state general fund, the
 141.12 retirement funds administered by the Minnesota State Retirement System, Public Employees
 141.13 Retirement Association, and Teachers Retirement Association, and all other funds as follows:
 141.14 for which the state board provides investment services, in accordance with this subdivision.
 141.15 There is annually appropriated to the state board, from the assets of all funds for which the
 141.16 state board provides investment services, sums sufficient to pay the apportioned expenses.
 141.17 These sums must be deposited in the State Board of Investment operating account, which
 141.18 must be established by the commissioner of management and budget in the special revenue
 141.19 fund. Those sums must be apportioned as follows:

141.20 ~~(1) on a biennial basis, the State Board of Investment, in accordance with biennial budget~~
 141.21 ~~procedures established by the commissioner of management and budget, may request a~~
 141.22 ~~direct appropriation that represents the portion of the State Board of Investment expenses~~
 141.23 ~~necessary to provide investment services to the state general fund. This appropriation must~~
 141.24 ~~be deposited in the State Board of Investment operating account;~~

141.25 ~~(2)~~ (1) the executive director shall first apportion the actual expenses allocable solely
 141.26 to a specific fund or in the case of multiple funds, among the funds proportionally based on
 141.27 weighted average assets under management during the fiscal year; and

141.28 (2) next, the executive director shall apportion the expenses incurred by the State Board
 141.29 of Investment state board, less the charge to the state general fund charges apportioned
 141.30 under clause (1) and accounting for any modification made pursuant to subdivision 4, clause
 141.31 (11), among the funds whose assets are invested by the State Board of Investment, with the
 141.32 exception of the state general fund, for which the state board provides investment services,
 141.33 with such expenses allocated proportionally based on the weighted average assets under

142.1 management during the fiscal year. ~~The amounts necessary to pay these charges are~~
 142.2 ~~apportioned from the investment earnings of each fund. Receipts must be credited to the~~
 142.3 ~~State Board of Investment operating account;~~

142.4 ~~(3) (b)~~ The ~~actual~~ expenses apportioned and charged to the funds under paragraph (a),
 142.5 with the exception of ~~the state general fund and~~ the retirement funds administered by the
 142.6 Minnesota State Retirement System, Public Employees Retirement Association, and Teachers
 142.7 Retirement Association, must be calculated, billed, and paid at least on a quarterly basis in
 142.8 accordance with procedures for interdepartmental payments established by the commissioner
 142.9 of management and budget; ~~and~~. Sums received to pay the expenses must be deposited in
 142.10 the operating account under section 11A.04.

142.11 ~~(4) (c)~~ The annual estimated expenses to be incurred by the ~~State Board of Investment~~
 142.12 state board that will be payable by the retirement funds administered by the Minnesota State
 142.13 Retirement System, Public Employees Retirement Association, and Teachers Retirement
 142.14 Association must be deposited in the State Board of Investment operating account under
 142.15 section 11A.04 on or about the first business day of each fiscal year. A reconciliation of the
 142.16 ~~actual~~ expenses allocable to each retirement fund compared to the applicable estimated ~~costs~~
 142.17 expenses must occur at least annually at the end of ~~each~~ the fiscal year ~~with any surplus or~~.
 142.18 Any deficit being credited or debited to each of the respective funds. The State Board of
 142.19 ~~Investment must present a statement of accrued actual~~ determined by such reconciliation
 142.20 is due and payable to the State Board of Investment operating account promptly upon notice
 142.21 of the amount due. Any fiscal year-end surplus may, at the executive director's discretion,
 142.22 be retained in the operating account and credited against the following fiscal year's estimated
 142.23 ~~expenses to~~ of each respective retirement fund at the end of each quarter during each fiscal
 142.24 ~~year.~~ The executive director must refund to the respective retirement fund any portion of
 142.25 any surplus not credited against the following fiscal year's estimated expenses.

142.26 Sec. 4. Laws 2025, chapter 39, article 1, section 8, is amended to read:

142.27				139,000
142.28	Sec. 8. STATE BOARD OF INVESTMENT	\$	139,000	\$ <u>-0-</u>

143.1

ARTICLE 15

143.2

**ADMINISTRATIVE, TECHNICAL, AND CONFORMING CHANGES RELATED
TO VOLUNTEER AND PAID ON-CALL FIREFIGHTERS**

143.3

143.4

Section 1. Minnesota Statutes 2024, section 6.496, is amended to read:

143.5

6.496 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; STATE BOARD

143.6

OF INVESTMENT OPTIONS.

143.7

(a) Annually, on or before March 1, the state auditor shall provide all ~~volunteer~~ firefighter

143.8

relief associations with recent and historic investment performance results of the various

143.9

accounts of the Minnesota supplemental investment fund and information on the process

143.10

and procedures for a ~~firefighters~~ firefighter relief association to utilize the Minnesota

143.11

supplemental investment fund as an investment option.

143.12

(b) Annually, on or before March 1, the state auditor shall provide all ~~volunteer~~ firefighter

143.13

relief associations with basic information on the statewide ~~lump-sum~~ volunteer firefighter

143.14

plan, that a fire department has the option annually to join the retirement plan, and that, if

143.15

the fire department joins the retirement plan, future asset investments would be the

143.16

responsibility of the State Board of Investment.

143.17

(c) The information provision required by paragraphs (a) and (b) may be provided in an

143.18

electronic or other format if the state auditor determines that the format is reasonably

143.19

accessible by a preponderance of ~~volunteer~~ firefighter relief associations.

143.20

Sec. 2. Minnesota Statutes 2024, section 11A.17, subdivision 1, is amended to read:

143.21

Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the supplemental

143.22

investment fund is to provide an investment vehicle for the assets of various public retirement

143.23

plans and funds.

143.24

(b) The state board shall determine and make available investment accounts within the

143.25

supplemental investment fund. These accounts shall include an appropriate array of

143.26

diversified investment options for participants of the public retirement plans under

143.27

subdivision 5.

143.28

(c) The assets of the supplemental investment fund must be invested by the state board

143.29

in types of investments permitted under section 11A.24.

143.30

(d) The state board shall make available a volunteer firefighter account for the statewide

143.31

~~lump-sum~~ volunteer firefighter plan under section 353G.02.

144.1 Sec. 3. Minnesota Statutes 2024, section 144F.01, subdivision 2, is amended to read:

144.2 Subd. 2. **Authority to establish.** (a) Two or more political subdivisions may establish,
144.3 by resolution of their governing bodies, a special taxing district to provide fire protection
144.4 or emergency medical services, or both, in the area of the district, comprising the jurisdiction
144.5 of each of the political subdivisions forming the district. For a county that participates in
144.6 establishing a district, the county's jurisdiction comprises the unorganized territory of the
144.7 county that it designated in its resolution for inclusion in the district. The area of the special
144.8 taxing district need not be contiguous or its boundaries continuous.

144.9 (b) Before establishing a district under this section, the participating political subdivisions
144.10 must enter into an agreement that specifies how any liabilities, other than debt issued under
144.11 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
144.12 agreement may also include other terms, including a method for apportioning the levy of
144.13 the district among participating political subdivisions under subdivision 4, paragraph (b),
144.14 as the political subdivisions determine appropriate. The agreement must be adopted no later
144.15 than upon passage of the resolution establishing the district under paragraph (a), but may
144.16 be later amended by agreement of each of the political subdivisions participating in the
144.17 district.

144.18 (c) If two or more political subdivisions that currently operate separate fire departments
144.19 seek to merge fire departments into one fire department, or if a political subdivision with
144.20 an existing fire department requests to join a special taxing district with an established fire
144.21 department, the resolution under paragraph (a) or agreement under paragraph (b) must
144.22 specify which, if any, ~~volunteer firefighter pension plan~~ relief association or account in the
144.23 statewide volunteer firefighter plan is associated with the district. A special taxing district
144.24 that operates a fire department under this section may be associated with only one ~~firefighters~~
144.25 firefighter relief association or one account in the statewide volunteer firefighter plan at one
144.26 time.

144.27 (d) If the special taxing district includes the operation of a fire department, it must file
144.28 its resolution establishing the fire protection special taxing district, and any agreements
144.29 required for the establishment of the special taxing district, with the commissioner of revenue,
144.30 including any subsequent amendments. If the resolution or agreement does not include
144.31 sufficient information defining the fire department service area of the fire protection special
144.32 taxing district, the secretary of the district board must file a written statement with the
144.33 commissioner defining the fire department service area.

145.1 Sec. 4. Minnesota Statutes 2025 Supplement, section 151.37, subdivision 12, is amended
145.2 to read:

145.3 Subd. 12. **Administration of opiate antagonists for drug overdose.** (a) A licensed
145.4 physician, a licensed advanced practice registered nurse authorized to prescribe drugs
145.5 pursuant to section 148.235, or a licensed physician assistant may authorize the following
145.6 individuals to administer opiate antagonists, as defined in section 604A.04, subdivision 1:

- 145.7 (1) an emergency medical responder registered pursuant to section 144E.27;
- 145.8 (2) a peace officer as defined in section 626.84, subdivision 1, paragraphs (c) and (d);
- 145.9 (3) correctional employees of a state or local political subdivision;
- 145.10 (4) staff of community-based health disease prevention or social service programs;
- 145.11 (5) a volunteer or paid on-call firefighter;
- 145.12 (6) a nurse or any other personnel employed by, or under contract with, a postsecondary
145.13 institution or a charter, public, or private school; and
- 145.14 (7) transit rider investment program personnel authorized under section 473.4075.

145.15 (b) For the purposes of this subdivision, opiate antagonists may be administered by one
145.16 of these individuals only if:

145.17 (1) the licensed physician, licensed physician assistant, or licensed advanced practice
145.18 registered nurse has issued a standing order to, or entered into a protocol with, the individual;
145.19 and

145.20 (2) the individual has training in the recognition of signs of opiate overdose and the use
145.21 of opiate antagonists as part of the emergency response to opiate overdose.

145.22 (c) Nothing in this section prohibits the possession and administration of naloxone
145.23 pursuant to section 604A.04.

145.24 (d) Notwithstanding section 148.235, subdivisions 8 and 9, a licensed practical nurse is
145.25 authorized to possess and administer according to this subdivision an opiate antagonist in
145.26 a school setting.

145.27 Sec. 5. Minnesota Statutes 2025 Supplement, section 181.101, is amended to read:

145.28 **181.101 WAGES; HOW OFTEN PAID.**

145.29 (a) Except as provided in paragraph (b), every employer must pay all wages, including
145.30 salary, earnings, and gratuities earned by an employee at least once every 31 days and all

146.1 commissions earned by an employee at least once every three months, on a regular payday
146.2 designated in advance by the employer regardless of whether the employee requests payment
146.3 at longer intervals. Unless paid earlier, the wages earned during the first half of the first
146.4 31-day pay period become due on the first regular payday following the first day of work.
146.5 If wages or commissions earned are not paid, the commissioner of labor and industry or the
146.6 commissioner's representative may serve a demand for payment on behalf of an employee.
146.7 In addition to other remedies under section 177.27, if payment of wages is not made within
146.8 ten days of service of the demand, the commissioner may charge and collect the wages
146.9 earned at the employee's rate or rates of pay or at the rate or rates required by law, including
146.10 any applicable statute, regulation, rule, ordinance, government resolution or policy, contract,
146.11 or other legal authority, whichever rate of pay is greater, and a penalty in the amount of the
146.12 employee's average daily earnings at the same rate or rates for each day beyond the ten-day
146.13 limit following the demand. If payment of commissions is not made within ten days of
146.14 service of the demand, the commissioner may charge and collect the commissions earned
146.15 and a penalty equal to 1/15 of the commissions earned but unpaid for each day beyond the
146.16 ten-day limit. Money collected by the commissioner must be paid to the employee concerned.
146.17 This section does not prevent an employee from prosecuting a claim for wages. This section
146.18 does not prevent a school district, other public school entity, or other school, as defined
146.19 under section 120A.22, from paying any wages earned by its employees during a school
146.20 year on regular paydays in the manner provided by an applicable contract or collective
146.21 bargaining agreement, or a personnel policy adopted by the governing board. For purposes
146.22 of this section, "employee" includes a person who performs agricultural labor as defined in
146.23 section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an
146.24 employee works. This section provides a substantive right for employees to the payment of
146.25 wages, including salary, earnings, and gratuities, as well as commissions, in addition to the
146.26 right to be paid at certain times.

146.27 (b) An employer of a ~~volunteer or~~ paid on-call firefighter, as defined in section 424A.001,
146.28 subdivision ~~10~~ 10a, a member of an organized first responder squad that is formally
146.29 recognized by a political subdivision in the state, or a volunteer ambulance driver or attendant
146.30 must pay all wages earned by the ~~volunteer~~ paid on-call firefighter, first responder, or
146.31 volunteer ambulance driver or attendant at least once every 31 days, unless the employer
146.32 and the employee mutually agree upon payment at longer intervals.

146.33 Sec. 6. Minnesota Statutes 2024, section 299K.03, subdivision 3, is amended to read:

146.34 Subd. 3. **Appointed members.** (a) The governor shall appoint 18 additional members
146.35 to the commission.

147.1 (b) The 18 appointed members must include one representative each of fire chiefs,
147.2 professional firefighters, volunteer or paid on-call firefighters, fire marshals, law enforcement
147.3 personnel, emergency medical personnel, health professionals, wastewater treatment
147.4 operators, labor, emergency managers, and local elected officials, three representatives of
147.5 community groups or the public, and four representatives from business and industry, at
147.6 least one of whom must represent small business.

147.7 (c) At least four of the appointed members must reside outside the metropolitan area,
147.8 as defined in section 473.121, subdivision 2.

147.9 (d) The appointed members must be appointed, serve, and be compensated in the manner
147.10 provided in section 15.059.

147.11 Sec. 7. Minnesota Statutes 2024, section 299N.02, subdivision 1, is amended to read:

147.12 Subdivision 1. **Membership.** Notwithstanding any provision of chapter 15 to the contrary,
147.13 the Board of Firefighter Training and Education consists of the following members:

147.14 (1) five members representing the Minnesota State Fire Department Association, four
147.15 of whom must be volunteer or paid on-call firefighters and one of whom may be a full-time
147.16 firefighter, appointed by the governor;

147.17 (2) two members representing the Minnesota State Fire Chiefs Association, one of whom
147.18 must be a volunteer fire chief, appointed by the governor;

147.19 (3) two members representing the Minnesota Professional Fire Fighters, appointed by
147.20 the governor;

147.21 (4) two members representing Minnesota home rule charter and statutory cities, appointed
147.22 by the governor;

147.23 (5) two members representing Minnesota towns, appointed by the governor;

147.24 (6) the commissioner of public safety or the commissioner's designee; and

147.25 (7) one public member not affiliated or associated with any member or interest represented
147.26 in clauses (1) to (6), appointed by the governor.

147.27 The Minnesota State Fire Department Association shall recommend five persons to be the
147.28 members described in clause (1), the Minnesota State Fire Chiefs Association shall
147.29 recommend two persons to be the members described in clause (2), the Minnesota
147.30 Professional Fire Fighters shall recommend two persons to be the members described in
147.31 clause (3), the League of Minnesota Cities shall recommend two persons to be the members
147.32 described in clause (4), and the Minnesota Association of Townships shall recommend two

148.1 persons to be the members described in clause (5). In making the appointments the governor
148.2 shall try to achieve representation from all geographic areas of the state.

148.3 Sec. 8. Minnesota Statutes 2024, section 352.98, subdivision 1, is amended to read:

148.4 Subdivision 1. **Plan created.** This section must be administered by the executive director
148.5 of the system with the advice and consent of the board of directors. The executive director
148.6 shall establish a plan or plans, known as health care savings plans, through which an officer
148.7 or employee of the state or of a political subdivision, including officers or employees covered
148.8 by a plan or fund specified in chapter 353D, 354B, 354D, 424A, or section 356.20,
148.9 subdivision 2, may save to cover health care costs. For purposes of this section, a volunteer
148.10 or paid on-call firefighter is an employee. The executive director shall make available one
148.11 or more trusts, including a governmental trust or governmental trusts, authorized under the
148.12 Internal Revenue Code to be eligible for tax-preferred or tax-free treatment through which
148.13 employers and employees can save to cover health care costs.

148.14 Sec. 9. Minnesota Statutes 2025 Supplement, section 353D.01, subdivision 2, is amended
148.15 to read:

148.16 Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

148.17 (1) any elected or appointed local government official of a governmental subdivision
148.18 who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the
148.19 service rendered to a governmental subdivision, is not a member of the association within
148.20 the meaning of section 353.01, subdivision 7;

148.21 (2) physicians who, if they did not elect to participate in the plan under section 353D.02,
148.22 subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

148.23 (3) basic and advanced life-support emergency medical service personnel who are
148.24 employed by any public ambulance service that elects to participate under section 353D.02,
148.25 subdivision 3;

148.26 (4) members of a municipal rescue squad associated with the city of Litchfield in Meeker
148.27 County, or of a county rescue squad associated with Kandiyohi County, if an independent
148.28 nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency
148.29 management services, and if not affiliated with a fire department or ambulance service and
148.30 if its members are not eligible for membership in that fire department's or ambulance service's
148.31 relief association or comparable pension plan;

149.1 (5) members of the municipal rescue squad associated with the city of Eden Valley in
149.2 Stearns and Meeker Counties who are not eligible for membership in the police and fire
149.3 retirement plan or a firefighter relief association affiliated with the city and who elect to
149.4 participate in the plan under section 353D.02, subdivision 4, paragraph (b);

149.5 (6) employees of the Port Authority of the city of St. Paul who elect to participate in the
149.6 plan under section 353D.02, subdivision 5, and who are not members of the association
149.7 under section 353.01, subdivision 7;

149.8 (7) city managers who elected to be excluded from the general employees retirement
149.9 plan of the association under section 353.028 and who elected to participate in the ~~public~~
149.10 ~~employees defined contribution~~ plan under section 353.028, subdivision 3, paragraph (b);

149.11 (8) volunteer or emergency paid on-call firefighters serving in a municipal fire department
149.12 or an independent nonprofit firefighting corporation who are not covered by the police and
149.13 fire retirement plan ~~and who are not covered by~~ or a firefighters firefighter relief association
149.14 and who elect to participate in the ~~public employees defined contribution~~ plan;

149.15 (9) any elected county sheriff who is a former member of the police and fire plan, is
149.16 receiving a retirement annuity as provided under section 353.651, and does not have previous
149.17 employment with the county for which the sheriff was elected; and

149.18 (10) persons appointed to serve on a board or commission of a governmental subdivision
149.19 or an instrumentality thereof.

149.20 (b) Individuals otherwise eligible to participate in the plan under this subdivision who
149.21 are currently covered by a public or private pension plan because of their employment or
149.22 provision of services are not eligible to participate in the plan.

149.23 (c) A former participant is a person who has terminated eligible employment or service
149.24 and has not withdrawn the value of the person's individual account.

149.25 Sec. 10. Minnesota Statutes 2025 Supplement, section 353D.02, subdivision 7, is amended
149.26 to read:

149.27 Subd. 7. ~~Certain Volunteer~~ or paid on-call firefighters. Volunteer or paid on-call
149.28 firefighters who are serving as members of a municipal fire department or an independent
149.29 nonprofit firefighting corporation and who are not covered for that firefighting service by
149.30 the public employees police and fire retirement plan under sections 353.63 to 353.68, by a
149.31 firefighters relief association under chapter 424A, or by the statewide volunteer firefighter
149.32 retirement plan under chapter 353G may elect to participate in the plan within the first 30
149.33 days of commencing service by completing and signing a membership election on a form

150.1 prescribed by the executive director of the association. The membership election must be
150.2 filed with the association within 60 days of commencing service. An eligible firefighter's
150.3 election is irrevocable. No employer contribution is payable by the fire department or the
150.4 firefighting corporation unless the municipal governing body or the firefighting corporation
150.5 governing body, whichever applies, ratifies the membership election.

150.6 Sec. 11. Minnesota Statutes 2024, section 353D.03, subdivision 6, is amended to read:

150.7 Subd. 6. **Volunteer or paid on-call firefighters.** (a) Unless paragraph (b) applies, a
150.8 volunteer or ~~emergency~~ paid on-call firefighter who elects to participate in the plan shall
150.9 contribute at least 7.5 percent of any compensation received for firefighting services.

150.10 (b) If the municipality or the independent nonprofit firefighting corporation ratified the
150.11 election of plan coverage under section 353D.02, subdivision 6, the volunteer or paid on-call
150.12 firefighter and the employing unit shall contribute in total an amount equal at least to 7.5
150.13 percent of any compensation received for firefighting services.

150.14 Sec. 12. Minnesota Statutes 2024, section 353G.18, subdivision 4, is amended to read:

150.15 Subd. 4. **Termination procedures.** (a) The participation of a departing entity in the plan
150.16 and the coverage of the departing firefighters by the plan ~~shall~~ must cease as of the date the
150.17 requirements in this subdivision are completed and all assets credited to the entity's account
150.18 are distributed.

150.19 (b) The governing board of the departing entity ~~shall~~ must adopt the resolutions under
150.20 subdivision 5 and deliver the resolutions to the executive director.

150.21 (c) The executive director ~~shall~~ must:

150.22 (1) fully vest all departing firefighters as of the termination date and consider each
150.23 departing firefighter 100 percent vested in the pension benefit accrued by the departing
150.24 firefighter under the entity's account as of the termination date;

150.25 (2) determine the present value of each departing firefighter's accrued benefit as of the
150.26 termination date, taking into account the benefit level under section 353G.11 or otherwise
150.27 in effect for the departing firefighter as determined by the executive director;

150.28 (3) determine, as of the termination date, the value of accrued liabilities, including
150.29 administrative expenses incurred or reasonably anticipated to be incurred through the
150.30 distribution date, and the value of assets attributable to the entity's account; and

151.1 (4) to the extent necessary to minimize the risk of investment losses between the
 151.2 termination date and the distribution date, reinvest the assets credited to the entity's account
 151.3 in low-risk investments.

151.4 (d) If the entity's account has assets in excess of accrued liabilities, the executive director
 151.5 ~~shall~~ must allocate the excess among all active departing firefighters in the same proportion
 151.6 that the present value of the accrued benefit for each active departing firefighter bears to
 151.7 the total present value of the accrued benefits of all active departing firefighters, and each
 151.8 active departing firefighter's benefit, as determined under paragraph (c), clause (2), ~~shall~~
 151.9 must be increased by the active departing firefighter's share of the excess.

151.10 (e) The executive director ~~shall~~ must, as soon as practicable after the termination date,
 151.11 distribute to each departing firefighter, regardless of whether the departing firefighter has
 151.12 attained age 50, the firefighter's benefit as calculated by the executive director under
 151.13 paragraphs (c) and (d). The distribution ~~shall~~ must be made in a lump sum, either as a
 151.14 payment to the departing firefighter or as a direct rollover, if elected by the firefighter. If
 151.15 the departing firefighter is deceased, then the firefighter's benefit ~~shall~~ must be paid to the
 151.16 firefighter's survivor under section 353G.12 or as a direct rollover, if elected by the survivor.

151.17 (f) The executive director ~~shall~~ must pay supplemental benefits under section 424A.10,
 151.18 but only to the extent that the executive director will be reimbursed under section 424A.10,
 151.19 subdivision 3.

151.20 Sec. 13. Minnesota Statutes 2025 Supplement, section 356.215, subdivision 8, is amended
 151.21 to read:

151.22 Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable
 151.23 following investment return assumption:

plan	investment return assumption
151.24 general state employees retirement plan	151.25 7%
151.26 correctional state employees retirement plan	151.27 7
151.28 State Patrol retirement plan	151.29 7
151.29 legislators retirement plan, and for the 151.30 constitutional officers calculation of total plan 151.31 liabilities	151.32 0
151.32 judges retirement plan	151.33 7
151.33 general public employees retirement plan	151.34 7
151.34 public employees police and fire retirement plan	7

152.1	local government correctional service retirement	7
152.2	plan	
152.3	teachers retirement plan	7
152.4	St. Paul teachers retirement plan	7
152.5	Bloomington Fire Department Relief Association	6
152.6	local monthly benefit volunteer firefighter relief	5
152.7	associations	
152.8	monthly benefit retirement plans in the statewide	6
152.9	volunteer firefighter retirement plan	

152.10 (b) The actuarial valuation for each of the covered retirement plans listed in section
 152.11 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
 152.12 into account the postretirement adjustment rate or rates applicable to the plan as specified
 152.13 in section 354A.29, subdivision 7, or 356.415, whichever applies.

152.14 (c) The actuarial valuation must use the applicable salary increase and payroll growth
 152.15 assumptions found in the appendix to the standards for actuarial work. The appendix must
 152.16 be updated whenever new assumptions have been approved or deemed approved under
 152.17 subdivision 18.

152.18 (d) The assumptions set forth in the appendix to the standards for actuarial work continue
 152.19 to apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

152.25 Sec. 14. Minnesota Statutes 2025 Supplement, section 356.215, subdivision 11, is amended
 152.26 to read:

152.27 Subd. 11. **Amortization contributions.** (a) The actuarial valuation of each pension plan
 152.28 listed in subdivision 8, paragraph (a), other than the legislators retirement plan, the
 152.29 Bloomington Fire Department Relief Association, and the ~~local~~ monthly benefit ~~volunteer~~
 152.30 firefighter relief associations, must contain an exhibit indicating the additional annual
 152.31 contribution sufficient to amortize on a level percent of payroll basis the unfunded actuarial
 152.32 accrued liability resulting from any of the following changes, over the period specified for
 152.33 that change, except that the pension plan's unfunded actuarial accrued liability as of July 1,
 152.34 2024, must be amortized over a period that ends June 30, 2048:

- 153.1 (1) experience gain or loss: 15 years;
- 153.2 (2) assumption or method change: 20 years;
- 153.3 (3) benefit change for active members: 15 years;
- 153.4 (4) long-term benefit change for inactive members: 15 years;
- 153.5 (5) short-term benefit change for inactive members: the number of years during which
- 153.6 the benefit change will be in effect; and
- 153.7 (6) an annual contribution that is more or less than the actuarially determined contribution:
- 153.8 15 years.
- 153.9 (b) The amortization periods specified in paragraph (a) apply:
- 153.10 (1) unless the standards for actuarial work state otherwise;
- 153.11 (2) except that, for the legislators retirement plan, the additional annual contribution
- 153.12 sufficient to amortize the unfunded actuarial accrued liability must be calculated on a level
- 153.13 dollar basis with an amortization period of one year; and
- 153.14 (3) except that, for the State Patrol retirement plan, the public employees police and fire
- 153.15 retirement plan, and the Teachers Retirement Association, the unfunded actuarial accrued
- 153.16 liability resulting from benefit increases enacted in 2025 must be amortized over a period
- 153.17 that ends June 30, 2048.

153.18 Sec. 15. Minnesota Statutes 2024, section 356.216, is amended to read:

153.19 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL MONTHLY**

153.20 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS.**

153.21 The provisions of section 356.215 that govern the contents of actuarial valuations apply

153.22 to the Bloomington Fire Department Relief Association and to any ~~local monthly firefighters~~

153.23 firefighter relief association required to make an actuarial report under this section, except

153.24 as follows:

- 153.25 (1) in lieu of the amortization date specified in section 356.215, subdivision 11, the
- 153.26 appropriate amortization target date specified in clause (2) or section 424A.093, subdivision
- 153.27 4, paragraph (c), must be used in calculating any required amortization contribution;
- 153.28 (2) for the Bloomington Fire Department Relief Association, any unfunded actuarial
- 153.29 accrued liability must be amortized on a level dollar basis by December 31 of the year
- 153.30 occurring 20 years after the year in which the unfunded actuarial accrued liability initially
- 153.31 occurred, and, if subsequent actuarial valuations for the Bloomington Fire Department Relief

154.1 Association indicate a net actuarial experience loss incurred during the year which ended
154.2 as of the day before the most recent actuarial valuation date, any unfunded actuarial accrued
154.3 liability due to that loss is to be amortized on a level dollar basis by December 31 of the
154.4 year occurring 20 years after the year in which the net actuarial experience loss occurred;

154.5 (3) in addition to the tabulation of active members and annuitants provided for in section
154.6 356.215, subdivision 13, the prospective annual service pensions under the benefit plan for
154.7 active members must be reported;

154.8 (4) actuarial valuations required under Laws 2013, chapter 111, article 5, section 39,
154.9 must be made annually and actuarial valuations required under section 424A.093, subdivision
154.10 2, must be made every four years or as frequently as required by generally accepted
154.11 accounting principles in the government sector, whichever frequency requirement is shorter;

154.12 (5) the actuarial balance sheet showing accrued assets valued at market value, actuarial
154.13 accrued liabilities, and the unfunded actuarial accrued liability must include the following
154.14 required reserves:

154.15 (i) for active members:

154.16 (A) retirement benefits or service pensions;

154.17 (B) disability benefits; and

154.18 (C) survivors' benefits;

154.19 (ii) for deferred annuitants' benefits;

154.20 (iii) for former members without vested rights;

154.21 (iv) for annuitants:

154.22 (A) retirement annuities or service pensions;

154.23 (B) disability annuities; and

154.24 (C) survivor benefits.

154.25 In addition to those required reserves, separate items must be shown for additional
154.26 benefits, if any, which may not be appropriately included in the reserves listed above; and

154.27 (6) actuarial valuations are due to be filed with the state auditor by the first day of the
154.28 seventh month after the end of the fiscal year which the actuarial valuation covers.

155.1 Sec. 16. Minnesota Statutes 2024, section 356.401, subdivision 3, is amended to read:

155.2 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following
155.3 retirement plans:

155.4 (1) the legislators retirement plan, established by chapter 3A, including constitutional
155.5 officers as specified in that chapter;

155.6 (2) the general state employees retirement plan of the Minnesota State Retirement System,
155.7 established by chapter 352;

155.8 (3) the correctional state employees retirement plan of the Minnesota State Retirement
155.9 System, established by chapter 352;

155.10 (4) the State Patrol retirement plan, established by chapter 352B;

155.11 (5) the unclassified state employees retirement program, established by chapter 352D;

155.12 (6) the general employees retirement plan of the Public Employees Retirement
155.13 Association, established by chapter 353;

155.14 (7) the public employees police and fire plan of the Public Employees Retirement
155.15 Association, established by chapter 353;

155.16 (8) the public employees defined contribution plan, established by chapter 353D;

155.17 (9) the local government correctional service retirement plan of the Public Employees
155.18 Retirement Association, established by chapter 353E;

155.19 (10) the statewide ~~lump-sum~~ volunteer firefighter plan, established by chapter 353G;

155.20 (11) the Teachers Retirement Association, established by chapter 354;

155.21 (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

155.22 (13) the individual retirement account plan, established by chapter 354B;

155.23 (14) the higher education supplemental retirement plan, established by chapter 354C;

155.24 and

155.25 (15) the judges retirement fund, established by chapter 490.

155.26 Sec. 17. Minnesota Statutes 2024, section 356.611, subdivision 6, is amended to read:

155.27 Subd. 6. **Covered retirement plan.** As used in this section, "covered retirement plan"
155.28 means any of the following plans:

- 156.1 (1) the legislator's retirement plan, established by chapter 3A, including constitutional
156.2 officers as specified in that chapter;
- 156.3 (2) the general state employees retirement plan of the Minnesota State Retirement System,
156.4 established by chapter 352;
- 156.5 (3) the correctional state employees retirement plan of the Minnesota State Retirement
156.6 System, established by chapter 352;
- 156.7 (4) the State Patrol retirement plan, established by chapter 352B;
- 156.8 (5) the unclassified state employees retirement plan, established by chapter 352D;
- 156.9 (6) the general employees retirement plan of the Public Employees Retirement
156.10 Association, established by chapter 353;
- 156.11 (7) the public employees police and fire retirement plan of the Public Employees
156.12 Retirement Association, established by chapter 353;
- 156.13 (8) the public employees defined contribution plan, established by chapter 353D;
- 156.14 (9) the local government correctional service retirement plan of the Public Employees
156.15 Retirement Association, established by chapter 353E;
- 156.16 (10) the statewide volunteer firefighter ~~retirement~~ plan, established by chapter 353G;
- 156.17 (11) the Teachers Retirement Association, established by chapter 354;
- 156.18 (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- 156.19 (13) the higher education individual retirement account plan, established by chapter
156.20 354B;
- 156.21 (14) the higher education supplemental retirement plan, established by chapter 354C;
- 156.22 (15) a retirement plan of a ~~volunteer firefighter retirement~~ relief association subject to
156.23 chapter 424A;
- 156.24 (16) the judges retirement plan, established by chapter 490; or
- 156.25 (17) the Bloomington Fire Department Relief Association governed by Laws 2013,
156.26 chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws
156.27 1965, chapter 446, as amended.

157.1 Sec. 18. Minnesota Statutes 2024, section 356.635, subdivision 2a, is amended to read:

157.2 Subd. 2a. **Required distributions from defined contribution plans.** (a) This section
157.3 applies to any covered retirement plan that is a defined contribution plan, including but not
157.4 limited to the following:

157.5 (1) the unclassified state employees retirement plan, established by chapter 352D;

157.6 (2) the public employees defined contribution plan, established by chapter 353D;

157.7 (3) the defined contribution plan that is part of the statewide volunteer firefighter
157.8 retirement plan, established by chapter 353G;

157.9 (4) the higher education individuals retirement account plan, established by chapter
157.10 354B;

157.11 (5) the higher education supplemental retirement plan, established by chapter 354C; and

157.12 (6) a defined contribution relief association, as defined under section 424A.001,
157.13 subdivision 1c.

157.14 (b) If the participant dies before the required minimum distribution begins, the
157.15 participant's account must be distributed in a lump sum no later than as follows:

157.16 (1) if the participant's account balance is payable to an eligible designated beneficiary,
157.17 the distribution must be made by December 31 of the calendar year immediately following
157.18 the calendar year in which the participant died. If the eligible designated beneficiary is the
157.19 surviving spouse, the surviving spouse may elect to delay payment until December 31 of
157.20 the calendar year in which the participant would have attained the participant's required
157.21 beginning date. ~~Effective for calendar years beginning after December 31, 2023,~~ A surviving
157.22 spouse who is the member's sole designated beneficiary may elect to be treated as if the
157.23 surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal
157.24 Revenue Code;

157.25 (2) if the participant's account balance is payable to a beneficiary that is not a designated
157.26 beneficiary, the participant's account must be distributed by December 31 of the calendar
157.27 year containing the fifth anniversary of the participant's death; or

157.28 (3) if the participant's account balance is payable to a designated beneficiary who is not
157.29 an eligible designated beneficiary, the participant's account must be distributed by December
157.30 31 of the calendar year containing the tenth anniversary of the participant's death.

157.31 (c) Upon the death of the participant after distribution of the participant's account balance
157.32 begins, any remaining portion of the participant's account balance shall continue to be

158.1 distributed at least as rapidly as under the method of distribution in effect at the time of the
158.2 participant's death, provided that the portion of the participant's account balance payable to
158.3 a designated beneficiary who is not an eligible designated beneficiary must be distributed
158.4 in its entirety by December 31 of the calendar year containing the tenth anniversary of the
158.5 participant's death.

158.6 (d) Upon the death of an eligible designated beneficiary, or the attainment of the age of
158.7 majority of an eligible designated beneficiary who is a minor child of the participant, before
158.8 distribution of the participant's entire account balance under paragraph (b) or (c), the
158.9 remainder of the participant's account balance shall be distributed by December 31 of the
158.10 calendar year containing the tenth anniversary of the eligible designated beneficiary's death,
158.11 or by December 31 of the calendar year in which the child attains the age of majority plus
158.12 ten years, as applicable.

158.13 ~~(e) Notwithstanding any other provisions of this subdivision, a participant or beneficiary,~~
158.14 ~~who would have been required to receive required minimum distributions in 2020 (or paid~~
158.15 ~~in 2021 for the 2020 calendar year for a participant with a required beginning date of April~~
158.16 ~~1, 2021) but for the enactment of section 401(a)(9)(I) of the Internal Revenue Code, and~~
158.17 ~~who would have satisfied that requirement by receiving a distribution that satisfies the~~
158.18 ~~required minimum distribution for 2020, will receive that distribution unless the participant~~
158.19 ~~or beneficiary chooses not to receive the distribution. Solely for purposes of applying the~~
158.20 ~~direct rollover provisions of section 356.633, such distributions will be treated as eligible~~
158.21 ~~rollover distributions in 2020.~~

158.22 Sec. 19. Minnesota Statutes 2024, section 356.65, subdivision 1, is amended to read:

158.23 Subdivision 1. **Definitions.** For purposes of this section, unless the context clearly
158.24 indicates otherwise, each of the following terms has the meaning given to it:

158.25 (a) "Public pension fund" means any public pension plan as defined in section 356.63,
158.26 paragraph (b), and any ~~Minnesota firefighters~~ firefighter relief association ~~which is~~
158.27 established under chapter 424A and governed under sections 424A.091 to 424A.096.

158.28 (b) "Unclaimed public pension fund amounts" means any amounts representing
158.29 accumulated member contributions, any outstanding unpaid annuity, service pension or
158.30 other retirement benefit payments, including those made on warrants issued by the
158.31 commissioner of management and budget, which have been issued and delivered for more
158.32 than six months prior to the date of the end of the fiscal year applicable to the public pension
158.33 fund, and any applicable interest to the credit of:

159.1 (1) an inactive or former member of a public pension fund who is not entitled to a defined
159.2 retirement annuity and who has not applied for a refund of those amounts within five years
159.3 after the last member contribution was made; or

159.4 (2) a deceased inactive or former member of a public pension fund if no survivor is
159.5 entitled to a survivor benefit and no survivor, designated beneficiary or legal representative
159.6 of the estate has applied for a refund of those amounts within five years after the date of
159.7 death of the inactive or former member.

159.8 Sec. 20. Minnesota Statutes 2024, section 356B.02, is amended to read:

159.9 **356B.02 DRAFTING PENSION AND RETIREMENT BILLS.**

159.10 (a) Notwithstanding section 3C.035, an agency or pension system intending to urge the
159.11 legislature to adopt a bill affecting the pension system, one or more plans administered by
159.12 the pension system, or one or more ~~volunteer~~ firefighter relief associations; or relating to
159.13 pensions or retirement shall deliver the drafting request for the bill to the executive director
159.14 of the commission no later than November 1 before the regular session of the legislature at
159.15 which adoption will be urged.

159.16 (b) The executive director of the commission may accept a drafting request from an
159.17 agency or a pension system after November 1 if the executive director of the commission
159.18 determines that the request relates to a matter that could not reasonably have been foreseen
159.19 by November 1 or for which the requester provides other reasonable justification for delay.

159.20 Sec. 21. Minnesota Statutes 2024, section 423A.02, subdivision 1b, is amended to read:

159.21 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall
159.22 allocate the additional amortization state aid, if any, including any state aid in excess of the
159.23 limitation in subdivision 4, on the following basis:

159.24 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with
159.25 police and firefighter retirement coverage;

159.26 (2) 25.8 percent as additional funding to support the minimum fire state aid for ~~volunteer~~
159.27 firefighter relief associations under section 477B.03, subdivision 5;

159.28 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police
159.29 and firefighter retirement coverage;

159.30 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment
159.31 performance requirement of paragraph (c) is met; and

160.1 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section
160.2 353.665, subdivision 8, paragraph (d).

160.3 If there is no additional employer contribution under section 353.665, subdivision 8a,
160.4 certified under subdivision 1, paragraph (d), clause (2), with respect to the former
160.5 Minneapolis Police Relief Association and the former Minneapolis Fire Department Relief
160.6 Association, the commissioner shall allocate that 47.1 percent of the aid as follows: 49
160.7 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers
160.8 Retirement Fund Association, and 30 percent as additional funding to support minimum
160.9 fire state aid for ~~volunteer~~ firefighter relief associations under section 477B.03, subdivision
160.10 5. If there is no employer contribution by the city of Virginia under section 353.665,
160.11 subdivision 8, paragraph (d), for the former Virginia Fire Department Relief Association
160.12 certified on or before June 30 by the executive director of the Public Employees Retirement
160.13 Association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent
160.14 to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement
160.15 Fund Association, and 30 percent as additional funding to support minimum fire state aid
160.16 for ~~volunteer~~ firefighter relief associations under section 477B.03, subdivision 5.

160.17 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

160.18 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the
160.19 teacher's association five-year average time-weighted rate of investment return does not
160.20 equal or exceed the performance of a composite portfolio assumed passively managed
160.21 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
160.22 securities, and 30 percent in domestic stock calculated using the formula under section
160.23 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until
160.24 the five-year annual rate of investment return equals or exceeds the performance of that
160.25 composite portfolio.

160.26 (d) The amounts required under this subdivision are the amounts annually appropriated
160.27 to the commissioner of revenue under section 477B.03, subdivision 5, paragraph (d), if any,
160.28 and the aid amounts in excess of the limitation in subdivision 4.

160.29 Sec. 22. Minnesota Statutes 2024, section 423A.02, subdivision 3, is amended to read:

160.30 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
160.31 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
160.32 that is not distributed for any reason to a municipality must be distributed by the
160.33 commissioner of revenue according to this paragraph. The commissioner shall distribute
160.34 60 percent of the amounts derived under this paragraph to the Teachers Retirement

161.1 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
161.2 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
161.3 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or
161.4 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this
161.5 aid ceases. Amounts remaining in the undistributed balance account at the end of the
161.6 biennium if aid eligibility ceases cancel to the general fund.

161.7 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
161.8 Independent School District No. 625, St. Paul, must make an additional contribution of
161.9 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

161.10 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization
161.11 aid under subdivision 1 that is not distributed for any reason to a municipality must be
161.12 distributed under section 477B.03, subdivision 5, as additional funding to support a minimum
161.13 fire state aid amount for ~~volunteer~~ firefighter relief associations.

161.14 Sec. 23. Minnesota Statutes 2024, section 424A.01, subdivision 3, is amended to read:

161.15 Subd. 3. **Status of nonmember ~~volunteer~~ firefighters.** No person who is serving as a
161.16 firefighter in a fire department but who is not a member of the applicable firefighters relief
161.17 association is entitled to any service pension or ancillary benefits from the relief association.

161.18 Sec. 24. Minnesota Statutes 2024, section 424B.10, subdivision 1b, is amended to read:

161.19 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation of
161.20 two or more defined benefit relief associations must be a defined benefit relief association.

161.21 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,
161.22 the initial service pension amount of the subsequent defined benefit relief association as of
161.23 the effective date of consolidation is either the service pension amount specified in clause
161.24 (1) or the service pension amounts specified in clause (2), as provided for in the consolidated
161.25 relief association's articles of incorporation or bylaws:

161.26 (1) the highest dollar amount service pension amount of any prior firefighters relief
161.27 association in effect immediately before the consolidation initiation if the pension amount
161.28 was implemented consistent with section 424A.02; or

161.29 (2) for service rendered by each individual volunteer or paid on-call firefighter before
161.30 consolidation, the service pension amount under the consolidating firefighters relief
161.31 association that the firefighter belonged to immediately before the consolidation if the
161.32 pension amount was implemented consistent with section 424A.02 and for service rendered

162.1 after the effective date of the consolidation, the highest dollar amount service pension of
162.2 any of the consolidating ~~volunteer firefighters~~ firefighter relief associations in effect
162.3 immediately before the consolidation if the pension amount was implemented consistent
162.4 with section 424A.02.

162.5 (c) Any increase in the service pension amount beyond the amount implemented under
162.6 paragraph (a) must conform with the requirements and limitations of section 424A.02 and
162.7 sections 424A.091 to 424A.095.

162.8 Sec. 25. Minnesota Statutes 2024, section 465.90, is amended to read:

162.9 **465.90 MUNICIPAL AUTHORITY TO PERMIT SOLICITATION BY**
162.10 **FIREFIGHTERS.**

162.11 Notwithstanding any law or ordinance to the contrary, a municipality may by resolution
162.12 permit full-time permanent firefighters employed by the municipality while on duty, or
162.13 volunteer or paid on-call firefighters serving the municipality while not on duty, to solicit
162.14 charitable contributions from motorists if the following conditions are met:

162.15 (1) the solicitation is for only one charitable organization annually, and that charitable
162.16 organization is qualified under section 501(c)(3) of the Internal Revenue Code and is
162.17 registered as a charity under state law;

162.18 (2) the solicitation does not occur for more than three days, whether or not consecutively,
162.19 in any calendar year; and

162.20 (3) the charitable organization provides to the municipality proof of commercial general
162.21 liability insurance against claims for bodily injury and property damage if the injury or
162.22 damage occurs (i) on public streets, roads, or rights-of-way, or (ii) as a result of the solicitor's
162.23 activities. The insurance must have a limit of no less than \$1,500,000 per occurrence and
162.24 an endorsement to the policy naming the municipality as an additional insured.

162.25 Sec. 26. **REVISOR INSTRUCTION.**

162.26 (a) In Minnesota Statutes, the revisor of statutes shall change the terms "volunteer
162.27 firefighters relief associations," "volunteer firefighters' relief associations," "firefighters
162.28 relief associations," and "firefighters' relief associations" to "firefighter relief associations"
162.29 wherever the terms appear.

162.30 (b) In Minnesota Statutes, the revisor of statutes shall change the terms "firefighters
162.31 relief association" and "firefighters' relief association" to "firefighter relief association"
162.32 wherever the terms appear.

163.1 (c) The revisor shall make any necessary grammatical changes or changes to sentence
163.2 structure necessary to preserve the meaning of the text as a result of the changes.

163.3 Sec. 27. EFFECTIVE DATE.

163.4 Sections 1 to 26 are effective the day following final enactment.

163.5 ARTICLE 16

163.6 MISCELLANEOUS TECHNICAL CORRECTIONS

163.7 Section 1. Minnesota Statutes 2025 Supplement, section 299A.465, subdivision 1, is
163.8 amended to read:

163.9 Subdivision 1. **Officer or firefighter disabled in line of duty.** (a) This subdivision
163.10 applies to any peace officer or firefighter:

163.11 (1) who the Public Employees Retirement Association or the Minnesota State Retirement
163.12 System determines is eligible to receive a duty disability benefit pursuant to section 353.656
163.13 or 352B.10, subdivision 1, respectively; or

163.14 (2) who is a member of a local police or salaried firefighters relief association and
163.15 qualifies for a duty disability benefit under the terms of plans of the relief associations, and
163.16 the peace officer or firefighter has discontinued public service as a peace officer or firefighter
163.17 as a result of a disabling injury and has been determined, by the Public Employees Retirement
163.18 Association, to have otherwise met the duty disability criteria set forth in section 353.01,
163.19 subdivision 41.

163.20 (b) Determinations made in accordance with paragraph (a) are binding on the peace
163.21 officer or firefighter, employer, and state. The determination must be made by the executive
163.22 director of the Public Employees Retirement Association or by the executive director of the
163.23 Minnesota State Retirement System, whichever applies, and is not subject to section 356.96,
163.24 subdivision 2. Upon making a determination, the executive director must provide written
163.25 notice to the peace officer or firefighter and the employer. The notice must include a written
163.26 statement of the reasons for the determination. If the notice is from the executive director
163.27 of the Minnesota State Retirement System, the notice must also include:

163.28 (1) a notice that the person may petition for a review of the determination by requesting
163.29 that a contested case be initiated before the Office of Administrative Hearings, the cost of
163.30 which must be borne by the peace officer or firefighter and the employer; and

164.1 (2) a statement that any person who does not petition for a review within 60 days is
164.2 precluded from contesting issues determined by the executive director in any other
164.3 administrative review or court procedure.

164.4 If, prior to the contested case hearing, additional information is provided to support the
164.5 claim for duty disability as defined in section 352B.011, subdivision 7, the executive director
164.6 may reverse the determination without the requested hearing. If a hearing is held before the
164.7 Office of Administrative Hearings, the determination rendered by the judge conducting the
164.8 fact-finding hearing is a final decision and order under section 14.62, subdivision 2a, and
164.9 is binding on the applicable executive director, the peace officer or firefighter, employer,
164.10 and state. Review of a final determination made by the Office of Administrative Hearings
164.11 under this section may only be obtained by writ of certiorari to the Minnesota Court of
164.12 Appeals under sections 14.63 to 14.68. Only the peace officer or firefighter, employer, and
164.13 state have standing to participate in a judicial review of the decision of the Office of
164.14 Administrative Hearings.

164.15 (c) The officer's or firefighter's employer must continue to provide health coverage and
164.16 pay for the coverage as required by paragraphs (d) to (g) for:

164.17 (1) the officer or firefighter; and

164.18 (2) the officer's or firefighter's dependents if the officer or firefighter was receiving
164.19 dependent coverage at the time of the injury under the employer's group health plan.

164.20 (d) For an officer or firefighter who has applied for or been approved to receive benefits
164.21 under section 353.656 ~~prior to the date of enactment~~ before May 24, 2025, or an officer or
164.22 firefighter who applies for and is approved for total and permanent duty disability benefits
164.23 under section 353.656, subdivision 1a, the employer is responsible for the continued payment
164.24 of the employer's contribution for health coverage of the officer or firefighter and, if
164.25 applicable, the officer's or firefighter's dependents. Coverage must continue for the officer
164.26 or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or
164.27 firefighter reaches age 65 or, if deceased, would have reached age 65.

164.28 (e) For an officer or firefighter approved to receive benefits under section 353.656 on
164.29 or after ~~the date of enactment~~ May 24, 2025, and who is not approved for total and permanent
164.30 duty disability benefits under section 353.656, subdivision 1a, the employer is responsible
164.31 for the continued payment of the employer's contribution for health coverage of the officer
164.32 or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must
164.33 continue:

165.1 (1) for the officer or firefighter for a period of 60 months or, if earlier, until the officer
165.2 or firefighter reaches age 65; and

165.3 (2) for the officer's or firefighter's dependents for a period of 60 months.

165.4 (f) For an officer or firefighter who has applied for or been approved to receive benefits
165.5 under section 352B.10, subdivision 1, the employer is responsible for the continued payment
165.6 of the employer's contribution for health coverage of the officer or firefighter and, if
165.7 applicable, the officer's or firefighter's dependents. Coverage must continue for the officer
165.8 or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or
165.9 firefighter reaches age 65 or, if deceased, would have reached age 65.

165.10 (g) The employer is not required to continue health coverage for dependents after the
165.11 person is no longer a dependent.

165.12 (h) An officer or firefighter who has applied for or been approved to receive benefits
165.13 under section 353.656 may affirmatively waive health coverage under this section but must
165.14 not receive any payment or other consideration from the employer in exchange for waiver
165.15 of the coverage. Any agreement entered into between an officer or firefighter who has
165.16 applied for or been approved to receive benefits under section 353.656 and the officer's or
165.17 firefighter's employer or the employer's agent providing for compensation for a waiver of
165.18 coverage under this section is void. Nothing in this subdivision shall be construed to render
165.19 void any agreement entered into ~~prior to the date of enactment~~ before May 24, 2025.

165.20 (i) Once a duty disability determination is made pursuant to section 353.656, the employer
165.21 has no right to challenge and is prohibited from challenging the continuation and payment
165.22 of health coverage under this section.

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

165.24 Sec. 2. Minnesota Statutes 2024, section 354A.29, subdivision 7, is amended to read:

165.25 Subd. 7. **Postretirement adjustments.** (a) Except as set forth in paragraph (c), each
165.26 person who has been receiving an annuity or benefit under the articles of incorporation, the
165.27 bylaws, or this chapter, whose effective date of benefit commencement occurred on or
165.28 before July 1 of the calendar year immediately before the adjustment, is eligible to receive
165.29 an annual postretirement adjustment, effective as of each January 1, as follows:

165.30 (1) there shall be no postretirement adjustment on January 1, 2019, and January 1, 2020;
165.31 and

166.1 (2) the postretirement adjustment shall be one percent on January 1, 2021, and each
166.2 January 1 thereafter.

166.3 (b) A postretirement adjustment is to be applied as a permanent increase to the regular
166.4 payment of each eligible member on January 1. For any eligible member whose effective
166.5 date of benefit commencement occurred after January 1 of the immediately preceding
166.6 calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

166.7 (c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement
166.8 adjustment, effective as of each January 1, beginning with the year following the year in
166.9 which the member attains normal retirement age.

166.10 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
166.11 subdivision 6, paragraph ~~(b)~~ (c), or who retire when the member is at least age 62 and has
166.12 at least 30 years of service under section 354A.31, subdivision 7.

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

166.14 Sec. 3. Minnesota Statutes 2025 Supplement, section 356.24, subdivision 1, is amended
166.15 to read:

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

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

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

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

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

166.27 (5) to a deferred compensation plan defined in subdivision 3;

166.28 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
166.29 and Universities and not covered by clause (5), to the supplemental retirement plan under
166.30 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in
166.31 the collective bargaining agreement of the public employer with the exclusive representative
166.32 of the covered employees in an appropriate unit, in an amount matching employee

167.1 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
167.2 \$4,300 a year for each employee;

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

167.8 (8) to the laborers national industrial pension fund or to a laborers local pension fund
167.9 for the employees of a governmental subdivision who are covered by a collective bargaining
167.10 agreement that provides for coverage by that fund and that sets forth a fund contribution
167.11 rate, but not to exceed an employer contribution of \$10,000 per year per employee;

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

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

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

167.25 (12) for employees of United Hospital District, Blue Earth, to the state of Minnesota
167.26 deferred compensation program, if the employee makes a contribution, in an amount that
167.27 does not exceed the total percentage of covered salary under section 353.27, subdivisions
167.28 3 and 3a;

167.29 (13) to the alternative retirement plans established by the Hennepin County Medical
167.30 Center under section 383B.914, subdivision 5;

167.31 (14) to the International Brotherhood of Teamsters Central States pension plan for
167.32 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who

168.1 are members of the International Brotherhood of Teamsters Local 638 by virtue of that
168.2 employment; or

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

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

168.7 Sec. 4. Minnesota Statutes 2025 Supplement, section 423A.022, subdivision 2, is amended
168.8 to read:

168.9 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

168.10 (1) 58.064 percent must be paid to the executive director of the Public Employees
168.11 Retirement Association for deposit in the public employees police and fire retirement fund
168.12 established by section 353.65, subdivision 1;

168.13 (2) 35.484 percent must be allocated and paid as required by paragraphs (b) and (c),
168.14 respectively, to or on behalf of municipalities who qualify for supplemental state aid under
168.15 paragraph (d); and

168.16 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement
168.17 System for deposit in the state patrol retirement fund.

168.18 (b) Supplemental state aid under paragraph (a), clause (2), must be allocated to each
168.19 municipality that qualifies for supplemental state aid under paragraph (d) in the same
168.20 proportion that the most recent amount of fire state aid paid under section 477B.04 for the
168.21 municipality bears to the most recent total fire state aid paid under section 477B.04 for all
168.22 municipalities other than municipalities solely employing firefighters with retirement
168.23 coverage by one or more pension plans under chapter 353.

168.24 (c) Supplemental state aid under paragraph (a), clause (2), must be paid:

168.25 (1) to the executive director of the Public Employees Retirement Association for each
168.26 municipality with a fire department that participates in the statewide volunteer firefighter
168.27 plan for deposit in the fund established by section ~~352G.02~~ 353G.02, subdivision 3, and
168.28 credited to the fire department's account; and

168.29 (2) with the balance to the treasurer of each municipality for transmittal within 30 days
168.30 of receipt to the treasurer of the applicable firefighters relief association for deposit in its
168.31 special fund.

169.1 (d) A municipality qualifies for supplemental state aid under paragraph (a), clause (2),
169.2 if the municipality:

169.3 (1) does not solely employ firefighters with retirement coverage provided by one or
169.4 more pension plans established under chapter 353; and

169.5 (2) qualified to receive fire state aid in that calendar year.

169.6 (e) For purposes of this section, the term "municipalities" includes independent nonprofit
169.7 firefighting corporations that participate in the statewide volunteer firefighter plan under
169.8 chapter 353G or with subsidiary firefighter relief associations operating under chapter 424A.

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

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187.07 RESPONSIBILITIES OF COVERED EMPLOYERS.

Subd. 3. **Distribution of information.** (a) Covered employers must provide information prepared by the board to all covered employees regarding the program. The information must be provided to each covered employee no later than 14 days after the covered employee's first day of employment.

(b) Paragraph (a) does not apply to a covered employer until the covered employer's enrollment window has opened. No later than 14 days before the date of the first paycheck from which employee contributions could be deducted for transmittal to the program, the covered employer must provide the information prepared by the board regarding the program to all covered employees of the covered employer.

352.87 STATE FIRE MARSHAL DIVISION EMPLOYEES.

Subd. 8. **Election of coverage.** To be covered by this section, an employee of the Department of Public Safety described in subdivision 1 who is employed in a position described in that subdivision must file a notice with the executive director of the system on a form prescribed by the executive director stating that the employee elects to be covered by this section. Notice must be filed within 90 days of employment. Elected coverage is effective retroactively as of the first day of employment. Amounts that would have been deducted from the employee's salary starting with the first day of employment but were not deducted because the employee had not yet filed the election must be deducted from the employee's future salary in accordance with a schedule of deductions determined by the executive director and the Department of Public Safety. Elections are irrevocable during any period of covered employment. A failure to file a timely notice is deemed a waiver of coverage by this section.

424A.01 MEMBERSHIP IN A FIREFIGHTERS RELIEF ASSOCIATION.

Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and applies to all breaks in service, except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section 593.50.

(b)(1) If a firefighter who has a break in service of any duration resumes performing active firefighting with the fire department associated with the relief association, and if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association, subject to the requirements of this paragraph and the service pension calculation requirements under this section.

(2) A firefighter who has been paid a service pension or disability benefit must wait at least 60 days following receipt of the pension or benefit before resuming active firefighting with the fire department and active membership in the relief association.

(3) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(4) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(5) If the bylaws so provide, a firefighter who returns to active relief association membership after a break in service of any duration may continue to collect a monthly service pension from the relief association, notwithstanding the requirement under section 424A.02, subdivision 1, that the firefighter has separated from active service.

(c) If a former firefighter who has been paid a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, as

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applicable, or meets the resumption minimum service requirements specified in the relief association's bylaws. No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not been paid a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or meets the resumption minimum service requirements specified in the relief association's bylaws, as applicable, based on the resumption

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years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.