

A bill for an act
relating to retirement; modifying member and employer contribution rates;
amending Minnesota Statutes 2010, sections 3A.03, subdivision 1; 352.04,
subdivisions 2, 3; 352.92, subdivisions 1, 2; 352D.04, subdivision 2; 353.27,
subdivisions 2, 3; 353E.03; 354.42, subdivisions 2, 3; 354A.12, subdivisions
1, 2a; 490.123, subdivisions 1a, 1b.

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

ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2010, section 3A.03, subdivision 1, is amended to read:

Subdivision 1. **Percentage.** (a) Every member of the legislature shall contribute:

(1) before the first day of the first pay period
beginning on or after July 1, 2011 nine percent of total salary; and
(2) on or after the first day of the first pay
period beginning after June 30, 2011 12 percent of total salary.

(b) The contribution must be made by payroll deduction and must be paid into the
state treasury and deposited in the general fund.

(c) The director must record the periodic contributions of each member of the
legislature and must credit each contribution to the member's account.

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

Sec. 2. Minnesota Statutes 2010, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must
be equal to the following percent of salary:

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2.1	before July 1, 2007	4.00
2.2	from July 1, 2007, to June 30, 2008	4.25
2.3	from July 1, 2008, to June 30, 2009	4.50
2.4	from July 1, 2009, to June 30, 2010	4.75
2.5	from July 1, 2010, and thereafter before the first	
2.6	day of the first pay period beginning on or after	
2.7	<u>July 1, 2011</u>	5.00-
2.8	<u>on or after the first day of the first pay period</u>	
2.9	<u>beginning after June 30, 2011</u>	<u>8.00.</u>

2.10 (b) These contributions must be made by deduction from salary as provided in
2.11 subdivision 4.

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

2.13 Sec. 3. Minnesota Statutes 2010, section 352.04, subdivision 3, is amended to read:

2.14 Subd. 3. **Employer contributions.** The employer contribution to the fund must be
2.15 equal to the following percent of salary:

2.16	before July 1, 2007	4.00
2.17	from July 1, 2007, to June 30, 2008	4.25
2.18	from July 1, 2008, to June 30, 2009	4.50
2.19	from July 1, 2009, to June 30, 2010	4.75
2.20	from July 1, 2010, and thereafter before the first	
2.21	day of the first pay period beginning on or after	
2.22	<u>July 1, 2011</u>	5.00-
2.23	<u>on or after the first day of the first pay period</u>	
2.24	<u>after June 30, 2011</u>	<u>2.00.</u>

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

2.26 Sec. 4. Minnesota Statutes 2010, section 352.92, subdivision 1, is amended to read:

2.27 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered
2.28 correctional employees must be in an amount equal to the following percent of salary:

2.29	before July 1, 2007	5.69
2.30	from July 1, 2007, to June 30, 2008	6.40
2.31	from July 1, 2008, to June 30, 2009	7.00
2.32	from July 1, 2009, to June 30, 2010	7.70
2.33	from July 1, 2010, and thereafter before the first	
2.34	day of the first pay period beginning on or after	
2.35	<u>July 1, 2011</u>	8.60-
2.36	<u>on or after the first day of the first pay period</u>	
2.37	<u>after June 30, 2011</u>	<u>11.60.</u>

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

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

Sec. 5. Minnesota Statutes 2010, section 352.92, subdivision 2, is amended to read:

Subd. 2. **Employer contributions.** The employer shall contribute for covered correctional employees an amount equal to the following percent of salary:

before July 1, 2007	7.98
from July 1, 2007, to June 30, 2008	9.10
from July 1, 2008, to June 30, 2009	10.10
from July 1, 2009, to June 30, 2010	11.10
from July 1, 2010, and thereafter <u>to the last day</u>	
<u>of the last payroll period before July 1, 2011</u>	12.10
<u>on or after the first day of the first pay period</u>	
<u>after June 30, 2011</u>	<u>9.10.</u>

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

Sec. 6. Minnesota Statutes 2010, section 352D.04, subdivision 2, is amended to read:

Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to the percent of salary specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

(c) The employer contribution is an amount equal to six percent of salary before the first day of the first pay period beginning on or after July 1, 2011, and three percent of salary on or after the first day of the first pay period beginning after June 30, 2011.

(d) For members of the legislature, the contributions under this subdivision also must be made on per diem payments received during a regular or special legislative session, but may not be made on per diem payments received outside of a regular or special legislative session, on the additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, or special session living expense payments under section 3.103.

(e) For a judge who is a member of the unclassified plan under section 352D.02, subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of salary, and there is no employer contribution.

(f) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

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

Sec. 7. Minnesota Statutes 2010, section 490.123, subdivision 1a, is amended to read:

Subd. 1a. **Member contribution rates.** (a) A judge who is covered by the federal Old Age, Survivors, Disability, and Health Insurance Program and whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to 8.00 percent of salary before the first day of the first pay period beginning on or after July 1, 2011, and 11 percent of salary on or after the first day of the first pay period beginning after June 30, 2011.

(b) The contribution under this subdivision is payable by salary deduction. The deduction must be made by the state court administrator under section 352.04, subdivisions 4, 5, and 8.

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

Sec. 8. Minnesota Statutes 2010, section 490.123, subdivision 1b, is amended to read:

Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the fund on behalf of a judge is 20.5 percent of salary before the first day of the first pay period beginning on or after July 1, 2011, and 17.5 percent of salary on or after the first day of the first pay period beginning after June 30, 2011. The employer obligation continues after a judge exceeds the service credit limit in section 490.121, subdivision 22.

(b) The employer contribution must be paid by the state court administrator. The employer contribution is payable at the same time as member contributions are made under subdivision 1a or as employee contributions are made to the unclassified program governed by chapter 352D for judges whose service exceeds the limit in section 490.121, subdivision 22, are remitted.

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

ARTICLE 2

OTHER RETIREMENT PLANS

Section 1. Minnesota Statutes 2010, section 353.27, subdivision 2, is amended to read:

Subd. 2. **General employees retirement plan; employee contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is 9.10 percent of salary before the first day of the first pay period beginning on or after July 1, 2011, and 12.10 percent of salary after the first day of the first pay period beginning after June 30, 2011. For a

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coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

Effective before January 1, 2011	6.00
Effective after December 31, 2010	6.25
<u>Effective on the first day of the first pay period beginning on or after July 1, 2011</u>	<u>9.25</u>

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

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

Sec. 2. Minnesota Statutes 2010, section 353.27, subdivision 3, is amended to read:

Subd. 3. **General employees retirement plan; employer contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is 9.10 percent of salary before the first day of the first pay period beginning on or after July 1, 2011, and 6.1 percent of salary after the first day of the first pay period beginning after June 30, 2011. For a coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

Effective before January 1, 2011	6.00
Effective after December 31, 2010	6.25
<u>Effective on the first day of the first pay period beginning on or after July 1, 2011</u>	<u>3.25</u>

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

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

Sec. 3. Minnesota Statutes 2010, section 353E.03, is amended to read:

353E.03 CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.

Subdivision 1. **Member contributions.** A member of the local government correctional service retirement plan shall make an employee contribution in an amount equal to 5.83 percent of salary until the last day of the last pay period occurring before

July 1, 2011, and is 8.83 percent of salary effective on the first day of the first pay period beginning on or after July 1, 2011.

Subd. 2. **Employer contributions.** The employer shall contribute for a member of the local government correctional service retirement plan an amount equal to 8.75 percent of salary until the last day of the last pay period occurring before July 1, 2011, and is 5.75 percent of salary effective on the first day of the first pay period beginning on or after July 1, 2011.

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

Sec. 4. Minnesota Statutes 2010, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For a basic member, the employee contribution to the fund is the following percentage of the member's salary:

before July 1, 2011	9.0 percent
from July 1, 2011, until June 30, 2012	9.5 <u>12.5</u> percent
from July 1, 2012, until June 30, 2013	10.0 <u>13.0</u> percent
from July 1, 2013, until June 30, 2014	10.5 <u>13.5</u> percent
after June 30, 2014	11.0 <u>14.0</u> percent

(b) For a coordinated member, the employee contribution is the following percentage of the member's salary:

before July 1, 2011	5.5 percent
from July 1, 2011, until June 30, 2012	6.0 <u>9.0</u> percent
from July 1, 2012, until June 30, 2013	6.5 <u>9.5</u> percent
from July 1, 2013, until June 30, 2014	7.0 <u>10.0</u> percent
after June 30, 2014	7.5 <u>10.5</u> percent

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

(d) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted accordingly.

(e) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

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

Sec. 5. Minnesota Statutes 2010, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable following percentage of salary of each basic member:

Period	Coordinated Member	Basic Member
before July 1, 2011	5.5 percent	9.5 percent
from July 1, 2011, until June 30, 2012	6.0 <u>3.0</u> percent	10.0 <u>7.0</u> percent
from July 1, 2012, until June 30, 2013	6.5 <u>3.5</u> percent	10.5 <u>7.5</u> percent
from July 1, 2013, until June 30, 2014	7.0 <u>4.0</u> percent	11.0 <u>8.0</u> percent
after June 30, 2014	7.5 <u>4.5</u> percent	11.5 <u>8.5</u> percent

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or is a basic member.

(b) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
before July 1, 2011	5.5 percent	9.5 percent
from July 1, 2011, until June 30, 2012	6.0 <u>3.0</u> percent	10.0 <u>7.0</u> percent
from July 1, 2012, until June 30, 2013	6.5 <u>3.5</u> percent	10.5 <u>7.5</u> percent
from July 1, 2013, until June 30, 2014	7.0 <u>4.0</u> percent	11.0 <u>8.0</u> percent
after June 30, 2014	7.5 <u>4.5</u> percent	11.5 <u>8.5</u> percent

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

(d) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted accordingly.

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

Sec. 6. Minnesota Statutes 2010, section 354A.12, subdivision 1, is amended to read:

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

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	

8.1	coordinated programs	
8.2	before July 1, 2011	5.5 percent
8.3	effective July 1, 2011	6.0 <u>9.0</u> percent
8.4	effective July 1, 2012	6.5 <u>9.5</u> percent
8.5	St. Paul Teachers Retirement Fund Association	
8.6	basic program before July 1, 2011	8 <u>8.0</u> percent
8.7	basic program after June 30, 2011	8.25 <u>11.25</u> percent
8.8	basic program after June 30, 2012	8.5 <u>11.5</u> percent
8.9	basic program after June 30, 2013	8.75 <u>11.75</u> percent
8.10	basic program after June 30, 2014	9.0 <u>12.0</u> percent
8.11	coordinated program before July 1, 2011	5.5 percent
8.12	coordinated program after June 30, 2011	5.75 <u>8.75</u> percent
8.13	coordinated program after June 30, 2012	6.0 <u>9.0</u> percent
8.14	coordinated program after June 30, 2013	6.25 <u>9.25</u> percent
8.15	coordinated program after June 30, 2014	6.50 <u>9.5</u> percent

8.16 (b) Contributions shall be made by deduction from salary and must be remitted
8.17 directly to the respective teachers retirement fund association at least once each month.

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

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

8.22 Sec. 7. Minnesota Statutes 2010, section 354A.12, subdivision 2a, is amended to read:

8.23 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
8.24 units shall make the following employer contributions to teachers retirement fund
8.25 associations:

8.26 (1) for any coordinated member of one of the following teachers retirement fund
8.27 associations in a city of the first class, the employing unit shall make a regular employer
8.28 contribution to the respective retirement fund association in an amount equal to the
8.29 designated percentage of the salary of the coordinated member as provided below:

8.30	Duluth Teachers Retirement Fund Association	
8.31	before July 1, 2011	5.79 percent
8.32	effective July 1, 2011	6.29 <u>3.29</u> percent
8.33	effective July 1, 2012	6.79 <u>3.79</u> percent
8.34	St. Paul Teachers Retirement Fund Association	
8.35	before July 1, 2011	4.50 percent
8.36	after June 30, 2011	4.75 <u>1.75</u> percent
8.37	after June 30, 2012	5.0 <u>2.0</u> percent

9.1	after June 30, 2013	5.25 <u>2.25</u> percent
9.2	after June 30, 2014	5.5 <u>2.5</u> percent

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

9.6	before July 1, 2011	8.0 percent of salary
9.7	after June 30, 2011	8.25 <u>5.25</u> percent of salary
9.8	after June 30, 2012	8.5 <u>5.5</u> percent of salary
9.9	after June 30, 2013	8.75 <u>5.75</u> percent of salary
9.10	after June 30, 2014	9.0 <u>6.0</u> percent of salary

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

9.14 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,
9.15 the employing unit shall make an additional employer contribution to the respective fund
9.16 in an amount equal to the applicable percentage of the coordinated member's salary,
9.17 as provided below:

9.18	St. Paul Teachers Retirement Fund Association	3.84 percent
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9.19 (b) The regular and additional employer contributions must be remitted directly to
9.20 the respective teachers retirement fund association at least once each month. Delinquent
9.21 amounts are payable with interest under the procedure in subdivision 1a.

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

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

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