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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3704

02/24/2022

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The bill was read for the first time and referred to the Committee on State Government Finance and Elections

1.1 A bill for an act
1.2 relating to retirement; correctional state employees retirement plan; authorizing
1.3 the transfer of service credit from the Minnesota State Retirement System general
1.4 plan to the Minnesota State Retirement System correctional plan upon payment
1.5 by an eligible member.

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

1.7 Section 1. TRANSFER OF PAST MINNESOTA STATE RETIREMENT SYSTEM
1.8 GENERAL SERVICE CREDIT TO MINNESOTA STATE RETIREMENT SYSTEM
1.9 CORRECTIONAL.

1.10 Subdivision 1. Definitions. The following terms as used in this section have the meanings
1.11 given in this subdivision:

1.12 (1) "Correctional plan" means the correctional employees retirement plan of the
1.13 Minnesota State Retirement System.

1.14 (2) "Executive director" means the executive director of the Minnesota State Retirement
1.15 System.

1.16 (3) "General plan" means the general state employees retirement plan of the Minnesota
1.17 State Retirement System.

1.18 (4) "Service credit" means time credited as allowable service under Minnesota Statutes,
1.19 section 352.01, subdivision 11, to an eligible person described in subdivision 3.

1.20 (5) "Transfer period" means the period from August 9, 2017, to December 22, 2020.

1.21 Subd. 2. Transfer of past service credit authorized. Notwithstanding any state law to
1.22 the contrary, an eligible person described in subdivision 3 who makes payment to the

2.1 correctional employees retirement fund, as permitted under subdivision 4, on or before one
2.2 year following the effective date of this section is entitled to have:

2.3 (1) the employer payment made on the eligible person's behalf under subdivision 5; and

2.4 (2) applicable past service credit transferred from the general plan to the correctional
2.5 plan for the transfer period under subdivision 6.

2.6 Subd. 3. **Eligible person.** An eligible person is a person who:

2.7 (1) is an employee of the Minnesota Department of Corrections;

2.8 (2) on August 9, 2017, was promoted to the position of corrections transitions program
2.9 coordinator, a position eligible to participate in the correctional plan; and

2.10 (3) from August 9, 2017, to December 22, 2020, was erroneously covered by the general
2.11 plan because the department misreported the person's retirement plan eligibility to the
2.12 Minnesota State Retirement System.

2.13 Subd. 4. **Payment by eligible person.** (a) An eligible person may pay to the executive
2.14 director the difference between the employee contribution rate for the general plan and the
2.15 employee contribution rate for the correctional plan for the transfer period. The difference
2.16 between the two rates must be applied to the eligible person's salary at the time that each
2.17 contribution would have been deducted from pay if the eligible person had been covered
2.18 by the correctional plan for the transfer period. The payment must include interest at the
2.19 applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision
2.20 2, calculated from the date that each contribution would have been deducted to the date that
2.21 payment is made.

2.22 (b) The payment under paragraph (a) must be made in a lump sum no later than one year
2.23 following the effective date. Upon receipt of the payment, the executive director must notify
2.24 the commissioner of corrections that payment was made and of the amount owed under
2.25 subdivision 5.

2.26 Subd. 5. **Payment by the Department of Corrections.** If an eligible person makes the
2.27 payment under subdivision 4, the Department of Corrections, on behalf of the eligible
2.28 person, shall pay to the Minnesota State Retirement System the actuarial present value of
2.29 the additional benefit resulting from the transferred service credit less the payment made
2.30 under subdivision 4. This amount must be paid by the department in a lump sum within 30
2.31 days after the date on which the executive director notifies the commissioner of corrections
2.32 under subdivision 4.

3.1 Subd. 6. Transfer of assets and service credit. (a) If the payments under subdivisions
3.2 4 and 5 are made, the executive director must transfer assets from the general state employees
3.3 retirement fund to the correctional employees retirement fund in an amount equal to the
3.4 actuarial present value of the benefits earned by the eligible person under the general plan
3.5 during the transfer period. The transfer of assets must be made within 15 days after receipt
3.6 of the payments under subdivisions 4 and 5.

3.7 (b) Upon transfer of the assets under paragraph (a), the eligible person shall have service
3.8 credit in the correctional plan and no service credit in the general plan for the transfer period.

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