

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 1369**

(SENATE AUTHORS: ROSEN)

DATE	D-PG	OFFICIAL STATUS
05/03/2011	1709	Introduction and first reading Referred to State Government Innovation and Veterans
05/21/2011	3067	Comm report: To pass as amended and re-refer to Finance
	3068a	Joint rule 2.03, referred to Rules and Administration
	3251	Comm report: Adopt previous comm report Jt. Rule 2.03 suspended Comm report: To pass
	3252	Second reading
	3599	Rule 47, returned to Finance See HF14 (First Special Session)

A bill for an act

1.1 relating to retirement; including pre-May 1, 2011, hires of the Red Wing Port
1.2 Authority in the general employees retirement plan of the Public Employees
1.3 Retirement Association; providing an optional procedure for the correction of
1.4 erroneous member deductions and employer contributions for the city of Duluth
1.5 and the Duluth Airport Authority; revising postretirement adjustments, reducing
1.6 the refund interest rate, eliminating interest on reemployed annuitant earnings
1.7 limitation deferral amounts, and lowering the deferred annuity augmentation
1.8 rate for the St. Paul Teachers Retirement Fund Association; increasing various
1.9 vesting requirements for the Duluth Teachers Retirement Fund Association;
1.10 revising the default retirement plan coverage determination for Minnesota
1.11 State Colleges and Universities System employees; revising statutory salary
1.12 scale and payroll growth actuarial assumptions; extending a financial report
1.13 reporting deadline date for the 2010 fire state aid allocation; authorizing the
1.14 use of special actuarial work in determining the 2009 and 2010 special fund
1.15 financial requirements and minimum municipal obligations for the White Bear
1.16 Lake Fire Department Relief Association; authorizing a purchase of allowable
1.17 service credit or salary credit for public employees and teachers; providing for a
1.18 voluntary consolidation of the Minneapolis Firefighters Relief Association and
1.19 a voluntary consolidation of the Minneapolis Police Relief Association with
1.20 Public Employees Retirement Association Police and Fire; making conforming
1.21 changes; amending Minnesota Statutes 2010, sections 6.67; 13D.01, subdivision
1.22 1; 43A.316, subdivision 8; 69.77, subdivisions 1a, 4; 353.01, subdivisions
1.23 2a, 6, 16, by adding subdivisions; 353.03, by adding a subdivision; 353.65,
1.24 subdivisions 1, 2, 3; 353.651, subdivision 1; 353.656, subdivisions 1, 1a, 3,
1.25 3a; 353.657, subdivision 1; 354A.011, by adding a subdivision; 354A.094,
1.26 subdivision 3; 354A.29, by adding subdivisions; 354A.31, subdivisions 1, 5, 6;
1.27 354A.35, subdivision 2; 354A.36, subdivision 1; 354A.37; 354B.21, subdivisions
1.28 1, 2, 3, 3a, 5, 6, by adding subdivisions; 356.215, subdivision 8; 356.216;
1.29 356.401, subdivision 3; 356.465, subdivision 3; 356.47, subdivision 3; 423A.01,
1.30 subdivision 3; 423A.02, subdivisions 1, 1b; 609B.455; 609B.460; proposing
1.31 coding for new law in Minnesota Statutes, chapter 353; repealing Minnesota
1.32 Statutes 2010, sections 354A.29, subdivision 3; 354B.21, subdivision 3c;
1.33 354B.32; 423A.021; 423B.01; 423B.03; 423B.04; 423B.05; 423B.06; 423B.07;
1.34 423B.08; 423B.09; 423B.10; 423B.11; 423B.12; 423B.13; 423B.14; 423B.15;
1.35 423B.151; 423B.16; 423B.17; 423B.18; 423B.19; 423B.20; 423B.21; 423B.23;
1.36 423C.01; 423C.02; 423C.03; 423C.04; 423C.05; 423C.06; 423C.07; 423C.08;
1.37 423C.09; 423C.10; 423C.11; 423C.12; 423C.13; 423C.14; 423C.15; 423C.16.

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

2.2 **ARTICLE 1**

2.3 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

2.4 Section 1. Minnesota Statutes 2010, section 353.01, subdivision 2a, is amended to read:

2.5 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
2.6 whose salary exceeds \$425 in any month and who are not specifically excluded under
2.7 subdivision 2b or who have not been provided an option to participate under subdivision
2.8 2d, whether individually or by action of the governmental subdivision, must participate as
2.9 members of the association with retirement coverage by the general employees retirement
2.10 plan under this chapter, the public employees police and fire retirement plan under this
2.11 chapter, or the local government correctional employees retirement plan under chapter
2.12 353E, whichever applies. Membership commences as a condition of their employment on
2.13 the first day of their employment or on the first day that the eligibility criteria are met,
2.14 whichever is later. Public employees include but are not limited to:

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

2.17 (2) elected county sheriffs;

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

2.21 (i) town and city clerk or treasurer;

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

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

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

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

2.28 (5) full-time employees of the Dakota County Agricultural Society; ~~and~~

2.29 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
2.30 Police Relief Association who are not excluded employees under subdivision 2b due
2.31 to coverage by the relief association pension plan and who elected general employee
2.32 retirement plan coverage before August 20, 2009; and

2.33 (7) employees of the Red Wing Port Authority who were first employed by the
2.34 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
2.35 under subdivision 2b.

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3.1 (b) A public employee or elected official who was a member of the association on
3.2 June 30, 2002, based on employment that qualified for membership coverage by the public
3.3 employees retirement plan or the public employees police and fire plan under this chapter,
3.4 or the local government correctional employees retirement plan under chapter 353E as of
3.5 June 30, 2002, retains that membership for the duration of the person's employment in that
3.6 position or incumbency in elected office. Except as provided in subdivision 28, the person
3.7 shall participate as a member until the employee or elected official terminates public
3.8 employment under subdivision 11a or terminates membership under subdivision 11b.

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

3.11 (d) For the purpose of participation in the MERF division of the general employees
3.12 retirement plan, public employees include employees who were members of the former
3.13 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
3.14 members of the MERF division of the association.

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

3.16 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 6, is amended to read:

3.17 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
3.18 county, city, town, school district within this state, or a department, unit or instrumentality
3.19 of state or local government, or any public body established under state or local
3.20 authority that has a governmental purpose, is under public control, is responsible for the
3.21 employment and payment of the salaries of employees of the entity, and receives a major
3.22 portion of its revenues from taxation, fees, assessments or from other public sources.

3.23 (b) Governmental subdivision also means the Public Employees Retirement
3.24 Association, the League of Minnesota Cities, the Association of Metropolitan
3.25 Municipalities, charter schools formed under section 124D.10, service cooperatives
3.26 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
3.27 boards organized under section 471.59, subdivision 11, paragraph (a), family service
3.28 collaboratives and children's mental health collaboratives organized under section 471.59,
3.29 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
3.30 are governmental units that otherwise qualify for retirement plan membership, public
3.31 hospitals owned or operated by, or an integral part of, a governmental subdivision or
3.32 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
3.33 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
3.34 Airports Commission, the University of Minnesota with respect to police officers covered
3.35 by the public employees police and fire retirement plan, the Minneapolis Employees

4.1 Retirement Fund for employment initially commenced after June 30, 1979, the Range
4.2 Association of Municipalities and Schools, soil and water conservation districts, economic
4.3 development authorities created or operating under sections 469.090 to 469.108, the Port
4.4 Authority of the city of St. Paul, the Red Wing Port Authority, the Spring Lake Park Fire
4.5 Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated,
4.6 the Red Wing Environmental Learning Center, the Dakota County Agricultural Society,
4.7 Hennepin Healthcare System, Inc., and the Minneapolis Firefighters Relief Association
4.8 and Minneapolis Police Relief Association with respect to staff covered by the Public
4.9 Employees Retirement Association general plan.

4.10 (c) Governmental subdivision does not mean any municipal housing and
4.11 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
4.12 or any port authority organized under sections 469.048 to 469.089 other than the Port
4.13 Authority of the city of St. Paul and other than the Red Wing Port Authority; or any
4.14 hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to
4.15 447.37 or the successor of the district; or the board of a family service collaborative or
4.16 children's mental health collaborative organized under sections 124D.23, 245.491 to
4.17 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

4.18 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
4.19 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
4.20 governmental subdivision unless the entity has obtained a written advisory opinion from
4.21 the United States Department of Labor or a ruling from the Internal Revenue Service
4.22 declaring the entity to be an instrumentality of the state so as to provide that any future
4.23 contributions by the entity on behalf of its employees are contributions to a governmental
4.24 plan within the meaning of Internal Revenue Code, section 414(d).

4.25 (e) A public body created by state or local authority may request membership on
4.26 behalf of its employees by providing sufficient evidence that it meets the requirements in
4.27 paragraph (a).

4.28 (f) An entity determined to be a governmental subdivision is subject to the reporting
4.29 requirements of this chapter upon receipt of a written notice of eligibility from the
4.30 association.

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

4.32 **Sec. 3. VALIDATION OF PAST RETIREMENT COVERAGE AND**
4.33 **CONTRIBUTIONS FOR RED WING PORT AUTHORITY EMPLOYEES.**

4.34 (a) Retirement coverage by the general employees retirement plan of the Public
4.35 Employees Retirement Association, allowable service credit, and salary credit for

5.1 employees of the Red Wing Port Authority who were so employed after December 31,
5.2 1984, and were first so employed before May 1, 2011, who had monthly salary in any
5.3 month of at least \$325 until June 30, 1988, and who had monthly salary in any month of
5.4 at least \$425 after June 30, 1988, who were not otherwise excluded under the applicable
5.5 edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had member
5.6 deductions taken and transferred in a timely manner to the general employees retirement
5.7 fund before the effective date of this section are hereby validated.

5.8 (b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the
5.9 contrary, employee contributions deducted from employees of the Red Wing Port
5.10 Authority described in paragraph (a) before the effective date of this section and associated
5.11 employer contributions are valid assets of the general employees retirement fund and are
5.12 not subject to refund or adjustment for erroneous receipt except as provided in Minnesota
5.13 Statutes, section 353.32, subdivision 1 or 2; or 353.34, subdivisions 1 and 2.

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

5.15 Sec. 4. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY;**
5.16 **CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER**
5.17 **CONTRIBUTIONS, AND ADJUSTING OVERPAID BENEFITS.**

5.18 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,
5.19 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2010, chapters 353 and 356,
5.20 to the contrary, this section establishes the procedures by which the executive director of
5.21 the Public Employees Retirement Association shall adjust erroneous employee deductions
5.22 and employer contributions paid on behalf of active employees and former members
5.23 by the city of Duluth and by the Duluth Airport Authority on amounts determined by
5.24 the executive director to be invalid salary under Minnesota Statutes, section 353.01,
5.25 subdivision 10, reported between January 1, 1997, and October 23, 2008, and for
5.26 adjusting benefits that were paid to former members and their beneficiaries based upon
5.27 invalid salary amounts.

5.28 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund
5.29 to active employees or former members who are not receiving retirement annuities or
5.30 benefits all erroneous employee deductions identified by the city of Duluth or by the
5.31 Duluth Airport Authority as deductions taken from amounts determined to be invalid
5.32 salary. The refunds must include interest at the rate specified in Minnesota Statutes,
5.33 section 353.34, subdivision 2, from the date each invalid employee deduction was received
5.34 through the date each refund is paid.

6.1 (b) The refund payment for active employees must be sent to the applicable members
6.2 who are employees of the city of Duluth or who are employees of the Duluth Airport
6.3 Authority, whichever is applicable.

6.4 (c) Refunds to former members must be mailed by the executive director of the
6.5 Public Employees Retirement Association to the former member's last known address.

6.6 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
6.7 retirement annuity or disability benefit, or for a person receiving an optional annuity or
6.8 survivor benefit, the executive director must:

6.9 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
6.10 payable by reducing the average salary under Minnesota Statutes, section 353.01,
6.11 subdivision 17a, by the invalid salary amounts;

6.12 (2) determine the amount of the overpaid benefits paid from the effective date of the
6.13 annuity or benefit payment to July 1, 2009;

6.14 (3) calculate the amount of employee deductions taken in error on invalid salary,
6.15 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision
6.16 2, from the date each invalid employee deduction was received through the first day of the
6.17 month in which the refund under paragraph (b), or action to recover net overpayments
6.18 under subdivision 4, occurs; and

6.19 (4) determine the net amount of overpaid benefits by reducing the amount of the
6.20 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
6.21 employee deductions with interest determined in clause (3).

6.22 (b) If a former member's erroneous employee deductions plus interest determined
6.23 under this section exceeds the amount of the person's overpaid benefits, the balance must
6.24 be refunded to the person to whom the annuity or benefit is being paid.

6.25 (c) The executive director shall recover the net amount of all overpaid annuities or
6.26 benefits as provided under subdivision 4.

6.27 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
6.28 provide a credit without interest to the city of Duluth and to the Duluth Airport Authority
6.29 for the amount of that governmental subdivision's erroneous employer contributions. The
6.30 credit must first be used to offset the net amount of the overpaid retirement annuities and
6.31 the disability and survivor benefits that remain after applying the amount of erroneous
6.32 employee deductions with interest as provided under subdivision 3, paragraph (a),
6.33 clause (4). The remaining erroneous employer contributions, if any, must be credited
6.34 against future employer contributions required to be paid by the applicable governmental
6.35 subdivision. If the overpaid benefits exceed the employer contribution credit, the balance

7.1 of the overpaid benefits is the obligation of the city of Duluth or the Duluth Airport
7.2 Authority, whichever is applicable.

7.3 (b) The Public Employees Retirement Association board of trustees shall determine
7.4 the period of time and manner for the collection of overpaid retirement annuities and
7.5 benefits, if any, from the city of Duluth and the Duluth Airport Authority.

7.6 Subd. 5. **Treatment of invalid salary amounts in process.** (a) The governing body
7.7 of the city of Duluth or the Duluth Airport Authority, as applicable, may elect to limit the
7.8 period of adjustment for amounts determined to be invalid salary to apply to the fiscal
7.9 year in which the error was reported to, and the salary determined to be invalid by, the
7.10 Public Employees Retirement Association, and the immediate two preceding fiscal years,
7.11 by a resolution of the applicable governing body transmitted to the Public Employees
7.12 Retirement Association executive director within 30 days following the effective date
7.13 of this section.

7.14 (b) If the governing body of the applicable governmental subdivision declines the
7.15 treatment permitted under paragraph (a) or fails to submit a resolution in a timely manner,
7.16 the statute of limitations specified in paragraph (a) does not apply.

7.17 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after
7.18 the Duluth city council and the chief clerical officer of the city of Duluth timely complete
7.19 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for
7.20 members who are, and former members who were, employees of the city of Duluth.

7.21 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
7.22 Airport Authority board of directors and the chief clerical officer of the Duluth Airport
7.23 Authority timely complete their compliance with Minnesota Statutes, section 645.021,
7.24 subdivisions 2 and 3, for members who are, and former members who were, employees
7.25 of the Duluth Airport Authority.

7.26 **ARTICLE 2**

7.27 **TEACHER RETIREMENT COVERAGE**

7.28 Section 1. Minnesota Statutes 2010, section 354A.011, is amended by adding a
7.29 subdivision to read:

7.30 Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a
7.31 nonforfeitable annuity or benefit from a coordinated member program administered by a
7.32 teachers retirement fund association by having credit for sufficient allowable service under
7.33 paragraph (b) or (c), whichever applies.

8.1 (b) For purposes of qualifying for an annuity or a benefit as a coordinated plan
8.2 member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when
8.3 the teacher has accrued credit for at least three years of service.

8.4 (c) For purposes of qualifying for an annuity or a benefit as a coordinated plan
8.5 member of the Duluth Teachers Retirement Fund Association:

8.6 (1) a teacher who first became a member of the plan before July 1, 2010, is vested
8.7 when the teacher has accrued at least three years of service; and

8.8 (2) a teacher who first became a member of the plan after June 30, 2010, is vested
8.9 when the teacher has accrued at least five years of service.

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

8.11 Sec. 2. Minnesota Statutes 2010, section 354A.094, subdivision 3, is amended to read:

8.12 Subd. 3. **Qualified part-time teacher program participation requirements.** (a)

8.13 A teacher in the public schools of a city of the first class who ~~has three years or more~~
8.14 ~~allowable service in the applicable retirement fund association~~ is vested, or three who has
8.15 combined years or more of full-time teaching service in Minnesota public elementary
8.16 schools, Minnesota secondary schools, and Minnesota State Colleges and Universities
8.17 system at least equal to the number of years specified for vesting in the applicable first
8.18 class city teacher plan, may, by agreement with the board of the employing district, be
8.19 assigned to teaching service within the district in a part-time teaching position. The
8.20 agreement must be executed before October 1 of the year for which the teacher requests to
8.21 make retirement contributions under subdivision 4. A copy of the executed agreement
8.22 must be filed with the executive director of the retirement fund association. If the copy
8.23 of the executed agreement is filed with the association after October 1 of the year for
8.24 which the teacher requests to make retirement contributions under subdivision 4, the
8.25 employing school district shall pay a fine of \$5 for each calendar day that elapsed since
8.26 the October 1 due date. The association may not accept an executed agreement that is
8.27 received by the association more than 15 months late. The association may not waive
8.28 the fine required by this section.

8.29 (b) Notwithstanding paragraph (a), if the teacher is also a legislator:

8.30 (1) the agreement in paragraph (a) must be executed before March 1 of the school
8.31 year for which the teacher requests to make retirement contributions under subdivision
8.32 4; and

8.33 (2) the fines specified in paragraph (a) apply if the employing unit does not file the
8.34 executed agreement with the executive director of the applicable Teachers Retirement
8.35 Fund Association by March 1.

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

9.2 Sec. 3. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision
9.3 to read:

9.4 Subd. 7. Eligibility for payment of postretirement adjustments. (a) Annually,
9.5 after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association
9.6 must determine the amount of any postretirement adjustment using the procedures in this
9.7 subdivision and subdivision 8 or 9, whichever is applicable.

9.8 (b) On January 1, each eligible person who has been receiving an annuity or benefit
9.9 under the articles of incorporation, the bylaws, or this chapter for at least three calendar
9.10 months as of the end of the last day of the previous calendar year is eligible to receive a
9.11 postretirement increase as specified in subdivision 8 or 9.

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

9.13 Sec. 4. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision
9.14 to read:

9.15 Subd. 8. Calculation of postretirement adjustments; transitional provision. (a)
9.16 For purposes of computing postretirement adjustments for eligible benefit recipients of the
9.17 St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based
9.18 on the actuarial value of assets of the plan as determined by the most recent actuarial
9.19 valuation prepared under sections 356.214 and 356.215 determines the postretirement
9.20 increase, as follows:

<u>Funding ratio</u>	<u>Postretirement increase</u>
<u>Less than 80 percent</u>	<u>1 percent</u>
<u>At least 80 percent but less than 90 percent</u>	<u>2 percent</u>

9.25 (b) The amount determined under paragraph (a) is the full postretirement increase
9.26 to be applied as a permanent increase to the regular payment of each eligible member
9.27 on January 1 of the next calendar year. For any eligible member whose effective date
9.28 of benefit commencement occurred during the calendar year before the postretirement
9.29 increase is applied, the full increase amount must be prorated on the basis of whole
9.30 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
9.31 which the postretirement increase is applied, calculated to the third decimal place.

9.32 (c) If the accrued liability funding ratio based on the actuarial value of assets is at
9.33 least 90 percent, this subdivision expires and subsequent postretirement increases must be
9.34 paid as specified in subdivision 9.

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

10.2 Sec. 5. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision
10.3 to read:

10.4 Subd. 9. Calculation of postretirement adjustments. (a) This subdivision applies
10.5 if subdivision 8 has expired.

10.6 (b) A percentage adjustment must be computed and paid under this subdivision to
10.7 eligible persons under subdivision 7. This adjustment is determined by reference to the
10.8 Consumer Price Index for urban wage earners and clerical workers all items index as
10.9 reported by the Bureau of Labor Statistics within the United States Department of Labor
10.10 each year as part of the determination of annual cost-of-living adjustments to recipients of
10.11 federal old-age, survivors, and disability insurance. For calculations of postretirement
10.12 adjustments under paragraph (c), the term "average third quarter Consumer Price Index
10.13 value" means the sum of the monthly index values as initially reported by the Bureau of
10.14 Labor Statistics for the months of July, August, and September, divided by three.

10.15 (c) Before January 1 of each year, the executive director must calculate the amount
10.16 of the postretirement adjustment by dividing the most recent average third quarter index
10.17 value by the same average third quarter index value from the previous year, subtract one
10.18 from the resulting quotient, and express the result as a percentage amount, which must be
10.19 rounded to the nearest one-tenth of one percent.

10.20 (d) The amount calculated under paragraph (c) is the full postretirement adjustment
10.21 to be applied as a permanent increase to the regular payment of each eligible member
10.22 on January 1 of the next calendar year. For any eligible member whose effective date
10.23 of benefit commencement occurred during the calendar year before the postretirement
10.24 adjustment is applied, the full increase amount must be prorated on the basis of whole
10.25 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
10.26 which the postretirement adjustment is applied, calculated to the third decimal place.

10.27 (e) The adjustment must not be less than zero nor greater than five percent.

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

10.29 Sec. 6. Minnesota Statutes 2010, section 354A.31, subdivision 1, is amended to read:

10.30 Subdivision 1. **Age and service requirements.** Any coordinated member or former
10.31 coordinated member of the Duluth Teachers Retirement Fund Association or of the St.
10.32 Paul Teachers Retirement Fund Association who has ceased to render teaching service for
10.33 the school district in which the teachers retirement fund association exists, who is vested
10.34 and who has either attained the age of at least 55 years ~~with not less than three years of~~

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11.1 ~~allowable service credit~~ or received credit for not less than 30 years of allowable service
11.2 regardless of age, shall be entitled upon written application to a retirement annuity. ~~Any~~
11.3 ~~coordinated member or former coordinated member of the Duluth Teachers Retirement~~
11.4 ~~Fund Association who has ceased to render teaching service for the school district in~~
11.5 ~~which the teacher retirement fund association exists and who has either attained the age of~~
11.6 ~~at least 55 years with not less than three years of allowable service credit if the member~~
11.7 ~~became an employee before July 1, 2010, or not less than five years of allowable service~~
11.8 ~~credit if the member became an employee after June 30, 2010, or received service credit~~
11.9 ~~for not less than 30 years of allowable service regardless of age, shall be entitled upon~~
11.10 ~~written application to a retirement annuity.~~

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

11.12 Sec. 7. Minnesota Statutes 2010, section 354A.31, subdivision 5, is amended to read:

11.13 Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal
11.14 retirement age ~~with at least three years of service credit~~, a vested coordinated member is
11.15 entitled to a normal retirement annuity calculated under subdivision 4 or 4a, whichever
11.16 applies.

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

11.18 Sec. 8. Minnesota Statutes 2010, section 354A.31, subdivision 6, is amended to read:

11.19 Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person
11.20 who first became a coordinated member or a member of a pension fund listed in section
11.21 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated
11.22 using the retirement annuity formula percentage in subdivision 4, paragraph (c), or
11.23 subdivision 4a, paragraph (c), in conjunction with this subdivision than when calculated
11.24 under subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), in conjunction with
11.25 subdivision 7.

11.26 (a) Upon retirement at an age before normal retirement age ~~with three years~~
11.27 ~~of service credit~~ or prior to age 62 with at least 30 years of service credit, a vested
11.28 coordinated member shall be entitled to a retirement annuity in an amount equal to the
11.29 normal retirement annuity calculated using the retirement annuity formula percentage in
11.30 subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), reduced by one-quarter of
11.31 one percent for each month that the coordinated member is under normal retirement age if
11.32 the coordinated member has less than 30 years of service credit or is under the age of 62 if
11.33 the coordinated member has at least 30 years of service credit.

12.1 (b) Any coordinated member whose attained age plus credited allowable service
12.2 totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to
12.3 the normal retirement annuity calculated using the retirement annuity formula percentage
12.4 in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), without any reduction by
12.5 reason of early retirement.

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

12.7 Sec. 9. Minnesota Statutes 2010, section 354A.35, subdivision 2, is amended to read:

12.8 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a)

12.9 The surviving spouse of a vested coordinated member who ~~has credit for at least three~~
12.10 ~~years of service and~~ dies prior to retirement may elect to receive, instead of a refund with
12.11 interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity
12.12 the member could have qualified for had the member terminated service on the date of
12.13 death. The surviving spouse eligible for a surviving spouse benefit under this paragraph
12.14 may apply for the annuity at any time after the date on which the deceased employee
12.15 would have attained the required age for retirement based on the employee's allowable
12.16 service. A surviving spouse eligible for surviving spouse benefits under paragraph (b)
12.17 or (c) may apply for an annuity at any time after the member's death. The member's
12.18 surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and
12.19 computed under section 354A.31.

12.20 (b) If the member was under age 55 and has credit for at least 30 years of allowable
12.21 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
12.22 and survivor annuity based on the age of the member and surviving spouse on the date
12.23 of death. The annuity is payable using the full early retirement reduction under section
12.24 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement
12.25 reduction from age 55 to the age payment begins.

12.26 (c) If ~~the a~~ vested member was under age 55 ~~and has credit for at least three years of~~
12.27 ~~allowable service~~ on the date of death but did not yet qualify for retirement, the surviving
12.28 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
12.29 of the member and the survivor at the time of death. The annuity is payable using the
12.30 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
12.31 one-half of the early retirement reduction from age 55 to the date payment begins.

12.32 (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or
12.33 surviving spouse benefit payable under this section. The benefits are payable for the life
12.34 of the surviving spouse, or upon expiration of the term certain benefit payment under
12.35 subdivision 2b.

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

13.2 Sec. 10. Minnesota Statutes 2010, section 354A.36, subdivision 1, is amended to read:

13.3 Subdivision 1. **Minimum age, service, and salary requirements.** Any coordinated
13.4 member who ~~has at least three years of allowable service credit~~ is vested, who has an
13.5 average salary of at least \$75 per month, and who has become totally and permanently
13.6 disabled shall be entitled to a disability benefit. If the disabled coordinated member's
13.7 allowable service credit has not been continuous, at least two years of the required
13.8 allowable service shall be required to have been rendered subsequent to the last
13.9 interruption in service.

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

13.11 Sec. 11. Minnesota Statutes 2010, section 354A.37, is amended to read:

13.12 **354A.37 REFUNDS; DEFERRED ANNUITY.**

13.13 Subdivision 1. **Eligibility for refund.** Any coordinated member who ceases to
13.14 render teaching service for the school district in which the teachers retirement fund
13.15 association is located shall be entitled to a refund in lieu of any other annuity or benefit
13.16 from the teachers retirement fund association, other than an annuity from a tax shelter
13.17 annuity program and fund as authorized ~~pursuant to~~ under section 354A.021, subdivision
13.18 5. The amount of the refund ~~shall~~ must be calculated ~~pursuant to~~ under subdivision 3. The
13.19 application for the refund ~~shall~~ must not be made prior to 30 days after the cessation of
13.20 teaching services if the coordinated member has not resumed active teaching services for
13.21 the district. Payment of the refund ~~shall~~ must be made within 90 days after receipt of the
13.22 refund application by the board.

13.23 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
13.24 who ceases to render teaching services for the school district in which the teachers
13.25 retirement fund association is located, with sufficient allowable service credit to meet
13.26 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
13.27 entitled to a deferred retirement annuity in lieu of a refund ~~pursuant to~~ under subdivision
13.28 1. The deferred retirement annuity ~~shall~~ must be computed ~~pursuant to~~ under section
13.29 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity
13.30 ~~shall commence~~ commences upon application after the person on deferred status attains at
13.31 least the minimum age specified in section 354A.31, subdivision 1.

13.32 (b) The monthly annuity amount that had accrued when the member ceased to
13.33 render teaching service must be augmented from the first day of the month following the

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14.1 month during which the member ceased to render teaching service to the effective date
14.2 of retirement. There is no augmentation if this period is less than three months. ~~For a~~
14.3 ~~member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation~~
14.4 ~~is three percent compounded annually until January 1 of the year following the year in~~
14.5 ~~which the former member attains age 55, and five percent compounded annually after that~~
14.6 ~~date to the effective date of retirement if the employee became an employee before July~~
14.7 ~~1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee~~
14.8 ~~after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,~~
14.9 The rate of augmentation is three percent compounded annually until January 1 of the year
14.10 following the year in which the former member attains age 55, five percent compounded
14.11 annually after that date to July 1, 2012, and two percent compounded annually after
14.12 that date to the effective date of retirement if the employee became an employee before
14.13 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent
14.14 compounded annually after that date to the effective date of retirement if the employee
14.15 ~~becomes~~ became an employee after June 30, 2006. If a person has more than one period of
14.16 uninterrupted service, a separate average salary determined under section 354A.31 must
14.17 be used for each period, and the monthly annuity amount related to each period must be
14.18 augmented as provided in this subdivision. The sum of the augmented monthly annuity
14.19 amounts determines the total deferred annuity payable. If a person repays a refund, the
14.20 service restored by the repayment must be considered as continuous with the next period
14.21 of service for which the person has credit with the fund. If a person does not render
14.22 teaching services in any one fiscal year or more consecutive fiscal years and then resumes
14.23 teaching service, the formula percentages used from the date of resumption of teaching
14.24 service are those applicable to new members. The mortality table and interest assumption
14.25 used to compute the annuity are the table established by the fund to compute other
14.26 annuities, and the interest assumption under section 356.215 in effect when the member
14.27 retires. A period of uninterrupted service for the purpose of this subdivision means a
14.28 period of covered teaching service during which the member has not been separated from
14.29 active service for more than one fiscal year.

14.30 (c) The augmentation provided by this subdivision applies to the benefit provided
14.31 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does
14.32 not apply to any period in which a person is on an approved leave of absence from an
14.33 employer unit.

14.34 Subd. 3. **Computation of refund amount.** A former coordinated member ~~of the St.~~
14.35 ~~Paul Teachers Retirement Fund Association who qualifies for a refund under subdivision 1~~
14.36 ~~shall receive a refund equal to the amount of the former coordinated member's accumulated~~

15.1 ~~employee contributions with interest at the rate of six percent per annum compounded~~
15.2 ~~annually. A former coordinated member of the Duluth Teachers Retirement Fund~~
15.3 ~~Association~~ who qualifies for a refund under subdivision 1 shall receive a refund equal
15.4 to the amount of the former coordinated member's accumulated employee contributions
15.5 with interest at the rate of six percent per annum compounded annually to July 1, 2010,
15.6 if the person is a former member of the Duluth Teachers Retirement Fund Association, or
15.7 to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund
15.8 Association, and four percent per annum compounded annually thereafter.

15.9 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
15.10 who has attained the normal retirement age with less than ten years of allowable service
15.11 credit and has terminated active teaching service shall be entitled to a refund in lieu of a
15.12 proportionate annuity ~~pursuant to~~ under section 356.32. The refund ~~for a member of the~~
15.13 ~~St. Paul Teachers Retirement Fund Association shall be equal to the coordinated member's~~
15.14 ~~accumulated employee contributions plus interest at the rate of six percent compounded~~
15.15 ~~annually. The refund for a member of the Duluth Teachers Retirement Fund Association~~
15.16 ~~shall~~ must be equal to the coordinated member's accumulated employee contributions plus
15.17 interest at the rate of six percent compounded annually to July 1, 2010, if the person is a
15.18 former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if
15.19 the person is a former member of the St. Paul Teachers Retirement Fund Association, and
15.20 four percent per annum compounded annually thereafter.

15.21 Subd. 5. **Unclaimed minimal refund amounts; disposition.** If a coordinated
15.22 member ceases to render teaching services for the school district in which the teachers
15.23 retirement fund association is located but does not apply for a refund ~~pursuant to~~ under
15.24 subdivision 1 within five years after the end of the plan year next following the cessation
15.25 of teaching services and if the amount of the refund that the former coordinated member
15.26 would have been entitled to ~~pursuant to~~ under subdivision 3 is \$500 or less, then the
15.27 amount of the refund and any accumulated interest ~~shall~~ must be credited to and become
15.28 a part of the retirement fund. If the former coordinated member subsequently renders
15.29 teaching services for the school district in which the teachers retirement fund association
15.30 is located and the amount of the refund that the former coordinated member would have
15.31 previously been entitled to ~~pursuant to~~ under subdivision 3 is at least \$5, then the amount
15.32 of the refund and any accumulated interest ~~shall be~~ must be restored to the member's
15.33 individual account. If the amount of the refund that the former coordinated member
15.34 would have previously been entitled to ~~pursuant to~~ under subdivision 3 is at least \$5 and
15.35 the former coordinated member applies for a refund ~~pursuant to~~ under subdivision 1 or
15.36 for an annuity ~~pursuant to~~ under sections 354A.31 and 354A.32 or section 356.30, the

16.1 amount of the refund and any accumulated interest ~~shall~~ must be restored to the member's
16.2 individual account.

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

16.4 Sec. 12. Minnesota Statutes 2010, section 354B.21, subdivision 1, is amended to read:

16.5 Subdivision 1. **Eligibility.** The following persons are eligible to have coverage by
16.6 the individual retirement account plan ~~and to be participants in the~~ or coverage by another
16.7 plan as further specified in this section:

16.8 (1) employees of the board who are employed as faculty in an employment
16.9 classification included in the state university instructional unit or the state college
16.10 instructional unit under section 179A.10, subdivision 2;

16.11 (2) the chancellor and employees of the board in eligible unclassified administrative
16.12 positions;

16.13 (3) the employees in eligible unclassified administrative positions in the state
16.14 universities;

16.15 (4) the employees in eligible unclassified administrative positions in the technical
16.16 colleges; and

16.17 (5) the employees in eligible unclassified administrative positions of the Minnesota
16.18 Office of Higher Education or of the community colleges.

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

16.20 Sec. 13. Minnesota Statutes 2010, section 354B.21, is amended by adding a
16.21 subdivision to read:

16.22 Subd. 1a. **Required notice; counseling.** (a) No later than 90 days before the end of
16.23 any applicable election period specified in this section, the employer must provide to a
16.24 person beginning work in a position subject to this section for which an option to elect
16.25 alternative retirement plan coverage is authorized the following information:

16.26 (1) the default retirement coverage;

16.27 (2) election procedures, if applicable, for electing coverage other than the default
16.28 coverage; and

16.29 (3) the Web site and the telephone number for the plan providing default coverage
16.30 and comparable information for the plan which the person is eligible to elect.

16.31 (b) The election of coverage forms must include a certification statement that the
16.32 employee has received and reviewed materials on the optional coverage and the default
16.33 coverage prior to making the election.

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

17.2 Sec. 14. Minnesota Statutes 2010, section 354B.21, subdivision 2, is amended to read:

17.3 Subd. 2. **Coverage; election.** (a) An eligible persons who were employed by the
17.4 Minnesota State Colleges and Universities System on or after June 30, 2009, unless
17.5 otherwise person employed by the board has the default coverage specified in subdivision
17.6 3, or other subdivisions of this section, whichever is applicable, and retains that coverage
17.7 for the period of covered employment unless a timely election to change that coverage
17.8 is made as specified in this section, are.

17.9 (b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect
17.10 prospective Teachers Retirement Association plan coverage rather than.

17.11 (c) An eligible person under subdivision 3, paragraph (d), is authorized to elect
17.12 prospective coverage by the plan established by this chapter.

17.13 (d) The election of prospective Teachers Retirement Association plan coverage
17.14 under paragraph (a) must be made within one year of commencing eligible Minnesota
17.15 State Colleges and Universities system employment. If an election is not made within the
17.16 specified election period due to a termination of Minnesota State Colleges and Universities
17.17 system employment, an election may be made within 90 days of returning to eligible
17.18 Minnesota State Colleges and Universities system employment. Except as specified in
17.19 paragraph (f), all elections are irrevocable. Before making an election, the eligible person
17.20 is covered by the plan indicated as default coverage under subdivision 3.

17.21 (b) (e) Except as provided in paragraph (e) (f), a purchase of service credit in the
17.22 Teachers Retirement Association plan for any period or periods of Minnesota State
17.23 Colleges and Universities system employment occurring before the election under
17.24 paragraph (a) this section is prohibited.

17.25 (e) (f) Notwithstanding other paragraphs (a) and (b) in this subdivision, a faculty
17.26 member who is a member of the individual retirement account plan who first achieves
17.27 tenure or its equivalent at a Minnesota state college or university after June 30, 2009, may
17.28 elect to transfer retirement coverage under to the teachers retirement plan within one year
17.29 of the faculty member first achieving tenure or its equivalent at a Minnesota state college
17.30 or university. The faculty member electing Teachers Retirement Association coverage
17.31 under this paragraph must purchase service credit in the Teachers Retirement Association
17.32 for the entire period of time covered under the individual retirement account plan and the
17.33 purchase payment amount must be determined under section 356.551. The Teachers
17.34 Retirement Association may charge a faculty member transferring coverage a reasonable
17.35 fee to cover the costs associated with computing the actuarial cost of purchasing service

18.1 credit and making the transfer. A faculty member transferring from the individual
18.2 retirement account plan to the Teachers Retirement Association may use any balances to
18.3 the credit of the faculty member in the individual retirement account plan, any balances
18.4 to the credit of the faculty member in the higher education supplemental retirement plan
18.5 established under chapter 354C, or any source specified in section 356.441, subdivision 1,
18.6 to purchase the service credit in the Teachers Retirement Association. If the total amount
18.7 of payments under this paragraph are less than the total purchase payment amount under
18.8 section 356.551, the payment amounts must be refunded to the applicable source. The
18.9 retirement coverage transfer and service credit purchase authority under this paragraph
18.10 expires with respect to any Minnesota State Colleges and Universities System faculty
18.11 initially hired after June 30, 2014.

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

18.13 Sec. 15. Minnesota Statutes 2010, section 354B.21, subdivision 3, is amended to read:

18.14 Subd. 3. **Default coverage.** (a) Prior to making an election under subdivision 2,
18.15 or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the
18.16 person fails to make a timely election, the ~~following retirement coverage specified in~~
18.17 this subdivision applies:

18.18 ~~(1) for employees of the board who are employed in faculty positions in the technical~~
18.19 ~~colleges, in the state universities or in the community colleges, the retirement coverage~~
18.20 ~~is by the plan established by this chapter;~~

18.21 ~~(2) for employees of the board who are employed in faculty positions in the technical~~
18.22 ~~colleges, the retirement coverage is by the plan established by this chapter unless on June~~
18.23 ~~30, 1997, the employee was a member of the Teachers Retirement Association established~~
18.24 ~~under chapter 354 and then the retirement coverage is by the Teachers Retirement~~
18.25 ~~Association, or, unless the employee was a member of a first class city teacher retirement~~
18.26 ~~fund established under chapter 354A on June 30, 1995, and then the retirement coverage~~
18.27 ~~is by the Duluth Teachers Retirement Fund Association if the person was a member of~~
18.28 ~~that plan on June 30, 1995, or the Teachers Retirement Association if the person was a~~
18.29 ~~member of the former Minneapolis Teachers Retirement Fund Association on June 30,~~
18.30 ~~1995, or the St. Paul Teachers Retirement Fund Association if the person was a member~~
18.31 ~~of that plan on June 30, 1995; and~~

18.32 ~~(3) for employees of the board who are employed in eligible unclassified~~
18.33 ~~administrative positions, the retirement coverage is by the plan established by this chapter.~~

18.34 ~~(b) If an employee fails to correctly certify prior membership in the Teachers~~
18.35 ~~Retirement Association to the Minnesota State colleges and Universities system, the~~

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19.1 ~~system shall not pay interest on employee contributions, employer contributions, and~~
19.2 ~~additional employer contributions to the Teachers Retirement Association under section~~
19.3 ~~354.52, subdivision 4.~~

19.4 (b) If an eligible person is employed by the board before July 1, 2011, in an eligible
19.5 unclassified administrative position or in a faculty position in a technical college,
19.6 community college, or state university, the retirement coverage is by the plan established
19.7 by this chapter, unless otherwise specified in this section.

19.8 (c) An eligible person described in paragraph (b), except that first employment by
19.9 the board is on or after July 1, 2011, has retirement coverage by the plan established by
19.10 this chapter if the eligible person has no:

19.11 (1) allowable service credit in any plan listed in section 356.30, subdivision 3; or

19.12 (2) prior employment covered by the state unclassified employees retirement
19.13 program under chapter 352D.

19.14 (d) An eligible person described in paragraph (c) has retirement coverage by the
19.15 Teachers Retirement Association if the person has:

19.16 (1) prior employment covered by the state unclassified employees retirement
19.17 program under chapter 352D and has not withdrawn or transferred assets from that
19.18 account; or

19.19 (2) allowable service credit in a plan listed in section 356.30, subdivision 3.

19.20 (e) To ensure that coverage is provided by the proper plan, the employee must
19.21 certify to the board the existence of any service credit in any plan listed in section 356.30,
19.22 subdivision 3, or whether the person retains a state unclassified employees retirement
19.23 program account. If an employee fails to correctly certify prior membership in a plan
19.24 or the existence of an unclassified program account, the Minnesota State Colleges and
19.25 Universities system and its board shall be held harmless, and notwithstanding any law to
19.26 the contrary, any resulting cost or financial liability becomes the employee's responsibility.

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

19.28 Sec. 16. Minnesota Statutes 2010, section 354B.21, subdivision 3a, is amended to read:

19.29 Subd. 3a. ~~**Continuation of Plan coverage in and election; certain instances past**~~
19.30 ~~**service technical college faculty.**~~ For a person with retirement coverage by a first class
19.31 city teacher retirement fund association instead of the individual retirement account plan
19.32 under subdivision 3, clause (2), coverage by the applicable retirement fund association
19.33 continues (a) Notwithstanding subdivision 3, if an employee of the board was employed in
19.34 a faculty position in a technical college on June 30, 1997, with coverage by the Teachers
19.35 Retirement Association, the employee retains that coverage. If the employee was a

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20.1 technical college faculty member on June 30, 1995, covered by a first class city teacher
20.2 retirement fund established under chapter 354A, the retirement coverage continues with
20.3 the Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement
20.4 Fund Association, whichever is applicable. If the person was a technical college faculty
20.5 member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund
20.6 Association, the Teachers Retirement Association shall provide coverage.

20.7 (b) An employee under paragraph (a) who has coverage by a first class city teacher
20.8 fund association retains that coverage for the duration of the person's employment by
20.9 the board of Trustees of the Minnesota State Colleges and Universities unless, within
20.10 90 days one year of a change in employment within the Minnesota State Colleges and
20.11 Universities system, the person elects the individual retirement account plan for all future
20.12 employment by the board of Trustees of the Minnesota State Colleges and Universities.
20.13 The election is irrevocable.

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

20.15 Sec. 17. Minnesota Statutes 2010, section 354B.21, subdivision 5, is amended to read:

20.16 Subd. 5. **Payment for certain prior uncovered service.** (a) A person employed in a
20.17 faculty position or in an eligible unclassified administrative position by the board who was
20.18 initially excluded from participation in the individual retirement account plan coverage,
20.19 who was not covered by any other Minnesota public pension plan for that service, and
20.20 who is subsequently eligible to participate in the individual retirement account plan may
20.21 make member contributions for that period of prior uncovered teaching employment or
20.22 eligible unclassified administrative employment with the board.

20.23 (b) The member contributions for prior uncovered board service are the amount
20.24 that the person would have paid if the prior service had been covered employment. The
20.25 payment must be made to the individual retirement account plan administrator and may be
20.26 made only by payroll deduction. The payment must be made by the later of:

- 20.27 (1) 45 days of the start of covered employment; or
20.28 (2) the end of the fiscal year in which covered employment began.

20.29 (c) The board must contribute an amount to match any contribution made by a plan
20.30 participant under this subdivision.

20.31 (d) Payments of contributions for prior uncovered board service under this
20.32 subdivision must be invested in the same manner as the regular contributions made by or
20.33 on behalf of the plan participant.

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

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21.1 Sec. 18. Minnesota Statutes 2010, section 354B.21, subdivision 6, is amended to read:

21.2 Subd. 6. **Continuation of coverage.** Except as otherwise specified in this section,
21.3 once a person is employed in a position that qualifies for participation in the individual
21.4 retirement account plan and elects to participate in the plan, all subsequent service by the
21.5 person as a faculty member or in an eligible unclassified administrative position employed
21.6 by the board or other employing unit is covered by the individual retirement account plan.

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

21.8 Sec. 19. Minnesota Statutes 2010, section 354B.21, is amended by adding a
21.9 subdivision to read:

21.10 Subd. 7. **Coverage; certain part-time employees.** A person employed in a
21.11 part-time faculty position or in a part-time eligible unclassified administrative position
21.12 who does not meet the definition of covered employment under section 354B.20,
21.13 subdivision 4, because the employment does not meet the threshold required under that
21.14 provision, must certify prior membership in the Teachers Retirement Association to the
21.15 Minnesota State Colleges and Universities system. If the certification is incorrect, the
21.16 employee, and not the employer, is required to pay interest on the employee and employer
21.17 contributions, and, if applicable, on the employer additional contributions to the Teachers
21.18 Retirement Association under section 354.52, subdivision 4.

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

21.20 Sec. 20. Minnesota Statutes 2010, section 356.47, subdivision 3, is amended to read:

21.21 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
21.22 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
21.23 written application, the retired member is entitled to the payment, in a lump sum, of the
21.24 value of the person's amount under subdivision 2, plus annual compound interest. For the
21.25 general state employees retirement plan, the correctional state employees retirement plan,
21.26 the general employees retirement plan of the Public Employees Retirement Association,
21.27 the public employees police and fire retirement plan, the local government correctional
21.28 employees retirement plan, and the teachers retirement plan, the annual interest rate is six
21.29 percent from the date on which the amount was deducted from the retirement annuity to
21.30 the date of payment or until January 1, 2011, whichever is earlier, and no interest after
21.31 January 1, 2011. For the Duluth Teachers Retirement Fund Association, the annual interest
21.32 is six percent from the date on which the amount was deducted from the retirement annuity
21.33 to the date of payment or until June 30, 2010, whichever is earlier, and with no interest

22.1 accrual after June 30, 2010. For the St. Paul Teachers Retirement Fund Association, the
22.2 annual interest is the rate of six percent from the date that the amount was deducted from
22.3 the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and
22.4 with no interest accrual after June 30, 2011.

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

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

22.11 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
22.12 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
22.13 permits, the retired member may elect to have all or any portion of the payment amount
22.14 under this section paid in the form of a direct rollover to an eligible retirement plan as
22.15 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
22.16 retired member. If the retired member dies with a balance remaining payable under this
22.17 section, the surviving spouse of the retired member, or if none, the deceased person's
22.18 designated beneficiary, or if none, the administrator of the deceased person's estate may
22.19 elect a direct rollover under this paragraph.

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

22.21 Sec. 21. **BYLAW AUTHORIZATION.**

22.22 Consistent with the requirements of Minnesota Statutes, section 354A.12,
22.23 subdivision 4, the board of the St. Paul Teachers Retirement Fund Association is
22.24 authorized to revise the bylaws and articles of incorporation so that the requirements of
22.25 this act, where applicable, apply to the basic program.

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

22.27 Sec. 22. **REPEALER.**

22.28 (a) Minnesota Statutes 2010, section 354A.29, subdivision 3, is repealed.

22.29 (b) Minnesota Statutes 2010, sections 354B.21, subdivision 3c; and 354B.32, are
22.30 repealed.

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

ARTICLE 3

ACTUARIAL ASSUMPTION UPDATE

23.1
23.2
23.3 Section 1. Minnesota Statutes 2010, section 356.215, subdivision 8, is amended to read:

23.4 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
23.5 the applicable following preretirement interest assumption and the applicable following
23.6 postretirement interest assumption:

23.7 23.8 23.9	plan	preretirement interest rate assumption	postretirement interest rate assumption
23.10	general state employees retirement plan	8.5%	6.0%
23.11	correctional state employees retirement plan	8.5	6.0
23.12	State Patrol retirement plan	8.5	6.0
23.13	legislators retirement plan	8.5	6.0
23.14	elective state officers retirement plan	8.5	6.0
23.15	judges retirement plan	8.5	6.0
23.16	general public employees retirement plan	8.5	6.0
23.17	public employees police and fire retirement plan	8.5	6.0
23.18	local government correctional service retirement		
23.19	plan	8.5	6.0
23.20	teachers retirement plan	8.5	6.0
23.21	Duluth teachers retirement plan	8.5	8.5
23.22	St. Paul teachers retirement plan	8.5	8.5
23.23	Minneapolis Police Relief Association	6.0	6.0
23.24	Fairmont Police Relief Association	5.0	5.0
23.25	Minneapolis Fire Department Relief Association	6.0	6.0
23.26	Virginia Fire Department Relief Association	5.0	5.0
23.27	Bloomington Fire Department Relief Association	6.0	6.0
23.28	local monthly benefit volunteer firefighters relief		
23.29	associations	5.0	5.0

23.30 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
23.31 single rate future salary increase assumption, the applicable following modified single
23.32 rate future salary increase assumption, or the applicable following graded rate future
23.33 salary increase assumption:

23.34	(1) single rate future salary increase assumption	
23.35	plan	future salary increase assumption
23.36	legislators retirement plan	5.0%
23.37	judges retirement plan	4.0
23.38	Minneapolis Police Relief Association	4.0
23.39	Fairmont Police Relief Association	3.5

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24.1	Minneapolis Fire Department Relief	
24.2	Association	4.0
24.3	Virginia Fire Department Relief Association	3.5
24.4	Bloomington Fire Department Relief	
24.5	Association	4.0
24.6	(2) age-related select and ultimate future salary increase assumption or graded rate	
24.7	future salary increase assumption	
24.8	plan	future salary increase assumption
24.9	general state employees retirement plan	select calculation and
24.10		assumption <u>A</u>
24.11	correctional state employees retirement plan	assumption G <u>D</u>
24.12	State Patrol retirement plan	assumption F <u>C</u>
24.13	public employees police and fire fund retirement plan	assumption <u>B</u>
24.14	local government correctional service retirement plan	assumption F <u>C</u>
24.15	teachers retirement plan	assumption <u>C</u>
24.16	Duluth teachers retirement plan	assumption D <u>A</u>
24.17	St. Paul teachers retirement plan	assumption E <u>B</u>
24.18	The select calculation is: during the	
24.19	designated select period, a designated	
24.20	percentage rate is multiplied by the result of	
24.21	the designated integer minus T, where T is	
24.22	the number of completed years of service,	
24.23	and is added to the applicable future salary	
24.24	increase assumption. The designated select	
24.25	period is five years and the designated	
24.26	integer is five for the general state employees	
24.27	retirement plan. The designated select period	
24.28	is ten years and the designated integer is ten	
24.29	for all other retirement plans covered by	
24.30	this clause. The designated percentage rate	
24.31	is: (1) 0.2 percent for the correctional state	
24.32	employees retirement plan, the State Patrol	
24.33	retirement plan, the public employees police	
24.34	and fire plan , and the local government	
24.35	correctional service <u>retirement</u> plan; (2)	
24.36	0.6 percent for the general state employees	
24.37	retirement plan; and (3) 0.3 percent for the	
24.38	teachers retirement plan, the Duluth Teachers	

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25.1 Retirement Fund Association, and the St.
 25.2 Paul Teachers Retirement Fund Association.
 25.3 The select calculation for the Duluth Teachers
 25.4 Retirement Fund Association is 8.00 percent
 25.5 per year for service years one through seven,
 25.6 7.25 percent per year for service years seven
 25.7 and eight, and 6.50 percent per year for
 25.8 service years eight and nine.

25.9 The ultimate future salary increase assumption is:

25.10	age	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
25.11	16	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%	
25.12	17	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500	
25.13	18	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500	
25.14	19	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500	
25.15	20	5.75	11.00	5.50	6.90	6.90	7.7500	7.2500	
25.16	21	5.75	11.00	5.50	6.90	6.90	7.1454	6.6454	
25.17	22	5.75	10.50	5.50	6.90	6.90	7.0725	6.5725	
25.18	23	5.75	10.00	5.50	6.85	6.85	7.0544	6.5544	
25.19	24	5.75	9.50	5.50	6.80	6.80	7.0363	6.5363	
25.20	25	5.75	9.00	5.50	6.75	6.75	7.0000	6.5000	
25.21	26	5.75	8.70	5.50	6.70	6.70	7.0000	6.5000	
25.22	27	5.75	8.40	5.50	6.65	6.65	7.0000	6.5000	
25.23	28	5.75	8.10	5.50	6.60	6.60	7.0000	6.5000	
25.24	29	5.75	7.80	5.50	6.55	6.55	7.0000	6.5000	
25.25	30	5.75	7.50	5.50	6.50	6.50	7.0000	6.5000	
25.26	31	5.75	7.30	5.50	6.45	6.45	7.0000	6.5000	
25.27	32	5.75	7.10	5.50	6.40	6.40	7.0000	6.5000	
25.28	33	5.75	6.90	5.50	6.35	6.35	7.0000	6.5000	
25.29	34	5.75	6.70	5.50	6.30	6.30	7.0000	6.5000	
25.30	35	5.75	6.50	5.50	6.25	6.25	7.0000	6.5000	
25.31	36	5.75	6.30	5.50	6.20	6.20	6.9019	6.4019	
25.32	37	5.75	6.10	5.50	6.15	6.15	6.8074	6.3074	
25.33	38	5.75	5.90	5.40	6.10	6.10	6.7125	6.2125	
25.34	39	5.75	5.70	5.30	6.05	6.05	6.6054	6.1054	
25.35	40	5.75	5.50	5.20	6.00	6.00	6.5000	6.0000	
25.36	41	5.75	5.40	5.10	5.90	5.95	6.3540	5.8540	
25.37	42	5.75	5.30	5.00	5.80	5.90	6.2087	5.7087	
25.38	43	5.65	5.20	4.90	5.70	5.85	6.0622	5.5622	
25.39	44	5.55	5.10	4.80	5.60	5.80	5.9048	5.4078	
25.40	45	5.45	5.00	4.70	5.50	5.75	5.7500	5.2500	
25.41	46	5.35	4.95	4.60	5.40	5.70	5.6940	5.1940	
25.42	47	5.25	4.90	4.50	5.30	5.65	5.6375	5.1375	

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26.1	48	5.15	4.85	4.50	5.20	5.60	5.5822	5.0822
26.2	49	5.05	4.80	4.50	5.10	5.55	5.5404	5.0404
26.3	50	4.95	4.75	4.50	5.00	5.50	5.5000	5.0000
26.4	51	4.85	4.75	4.50	4.90	5.45	5.4384	4.9384
26.5	52	4.75	4.75	4.50	4.80	5.40	5.3776	4.8776
26.6	53	4.65	4.75	4.50	4.70	5.35	5.3167	4.8167
26.7	54	4.55	4.75	4.50	4.60	5.30	5.2826	4.7826
26.8	55	4.45	4.75	4.50	4.50	5.25	5.2500	4.7500
26.9	56	4.35	4.75	4.50	4.40	5.20	5.2500	4.7500
26.10	57	4.25	4.75	4.50	4.30	5.15	5.2500	4.7500
26.11	58	4.25	4.75	4.60	4.20	5.10	5.2500	4.7500
26.12	59	4.25	4.75	4.70	4.10	5.05	5.2500	4.7500
26.13	60	4.25	4.75	4.80	4.00	5.00	5.2500	4.7500
26.14	61	4.25	4.75	4.90	3.90	5.00	5.2500	4.7500
26.15	62	4.25	4.75	5.00	3.80	5.00	5.2500	4.7500
26.16	63	4.25	4.75	5.10	3.70	5.00	5.2500	4.7500
26.17	64	4.25	4.75	5.20	3.60	5.00	5.2500	4.7500
26.18	65	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.19	66	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.20	67	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.21	68	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.22	69	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.23	70	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.24	71	4.25		5.20				

26.25 (3) service-related ultimate future salary increase assumption

26.26	<u>general state employees retirement plan of the</u>	<u>assumption A</u>
26.27	<u>Minnesota State Retirement System</u>	
26.28	<u>general employees retirement plan of the Public</u>	<u>assumption B</u>
26.29	<u>Employees Retirement Association</u>	
26.30	<u>Teachers Retirement Association</u>	<u>assumption C</u>
26.31	<u>public employees police and fire retirement plan</u>	<u>assumption D</u>

26.32		general employees				
26.33		retirement plan of				
26.34		the Public Employees				
26.35		Retirement Association				
26.36	service length	<u>A</u>		<u>B</u>	<u>C</u>	<u>D</u>
26.37	1	12.03% <u>10.75%</u>		<u>12.25%</u>	<u>12.00%</u>	<u>13.00%</u>
26.38	2	8.90 <u>8.35</u>		<u>9.15</u>	<u>9.00</u>	<u>11.00</u>
26.39	3	7.46 <u>7.15</u>		<u>7.75</u>	<u>8.00</u>	<u>9.00</u>
26.40	4	6.58 <u>6.45</u>		<u>6.85</u>	<u>7.50</u>	<u>8.00</u>
26.41	5	5.97 <u>5.95</u>		<u>6.25</u>	<u>7.25</u>	<u>6.50</u>
26.42	6	5.52 <u>5.55</u>		<u>5.75</u>	<u>7.00</u>	<u>6.10</u>
26.43	7	5.16 <u>5.25</u>		<u>5.45</u>	<u>6.85</u>	<u>5.80</u>

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27.1	8	4.87 <u>4.95</u>	<u>5.15</u>	<u>6.70</u>	<u>5.60</u>
27.2	9	4.63 <u>4.75</u>	<u>4.85</u>	<u>6.55</u>	<u>5.40</u>
27.3	10	4.42 <u>4.65</u>	<u>4.65</u>	<u>6.40</u>	<u>5.30</u>
27.4	11	4.24 <u>4.45</u>	<u>4.45</u>	<u>6.25</u>	<u>5.20</u>
27.5	12	4.08 <u>4.35</u>	<u>4.35</u>	<u>6.00</u>	<u>5.10</u>
27.6	13	3.94 <u>4.25</u>	<u>4.15</u>	<u>5.75</u>	<u>5.00</u>
27.7	14	3.82 <u>4.05</u>	<u>4.05</u>	<u>5.50</u>	<u>4.90</u>
27.8	15	3.70 <u>3.95</u>	<u>3.95</u>	<u>5.25</u>	<u>4.80</u>
27.9	16	3.60 <u>3.85</u>	<u>3.85</u>	<u>5.00</u>	<u>4.80</u>
27.10	17	3.51 <u>3.75</u>	<u>3.75</u>	<u>4.75</u>	<u>4.80</u>
27.11	18	3.50 <u>3.75</u>	<u>3.75</u>	<u>4.50</u>	<u>4.80</u>
27.12	19	3.50 <u>3.75</u>	<u>3.75</u>	<u>4.25</u>	<u>4.80</u>
27.13	20	3.50 <u>3.75</u>	<u>3.75</u>	<u>4.00</u>	<u>4.80</u>
27.14	21	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.90</u>	<u>4.70</u>
27.15	22	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.80</u>	<u>4.60</u>
27.16	23	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.70</u>	<u>4.50</u>
27.17	24	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.60</u>	<u>4.50</u>
27.18	25	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.19	26	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.20	27	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.21	28	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.22	29	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.23	30 or more	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>

27.24 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 27.25 payroll growth assumption for calculating the amortization requirement for the unfunded
 27.26 actuarial accrued liability where the amortization retirement is calculated as a level
 27.27 percentage of an increasing payroll:

27.28	plan	payroll growth assumption
27.29	general state employees retirement plan of the	
27.30	<u>Minnesota State Retirement System</u>	4.50% <u>3.75%</u>
27.31	correctional state employees retirement plan	4.50
27.32	State Patrol retirement plan	4.50
27.33	legislators retirement plan	4.50
27.34	judges retirement plan	4.00
27.35	general employees retirement plan of the Public	
27.36	Employees Retirement Association	4.00 <u>3.75</u>
27.37	public employees police and fire retirement plan	4.50 <u>3.75</u>
27.38	local government correctional service retirement	
27.39	plan	4.50
27.40	teachers retirement plan	4.50 <u>3.75</u>
27.41	Duluth teachers retirement plan	4.50
27.42	St. Paul teachers retirement plan	5.00

28.1 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
28.2 apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

28.8 **EFFECTIVE DATE.** This section as it relates to the general state employees
28.9 retirement plan of the Minnesota State Retirement System, the general employees
28.10 retirement plan of the Public Employees Retirement Association, and the teachers
28.11 retirement plan is effective retroactively from June 30, 2010, and as it relates to the public
28.12 employees police and fire retirement plan is effective June 30, 2011.

28.13 **ARTICLE 4**

28.14 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS**

28.15 Section 1. **DEADLINE FOR REPORTS EXTENDED.**

28.16 Notwithstanding Minnesota Statutes, section 69.051, subdivision 1b, the deadline
28.17 for reports submitted under Minnesota Statutes, section 69.051, subdivisions 1 and 1a,
28.18 for 2009 is extended to April 30, 2011. A municipality or relief association does not
28.19 forfeit its 2010 state aid or any future state aid if 2009 reports are received by the state
28.20 auditor on or before April 30, 2011.

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

28.22 Sec. 2. **WHITE BEAR LAKE; SPECIAL ACTUARIAL WORK**

28.23 **AUTHORIZATION.**

28.24 Notwithstanding any provision to the contrary of Minnesota Statutes, sections
28.25 69.771, subdivision 3; 69.773, subdivisions 2, 4, and 5; 356.215; and 356.216, a document
28.26 styled as an interim valuation at October 19, 2009, of the White Bear Lake Volunteer
28.27 Fire Department Relief Association prepared by the actuarial consulting firm of Gabriel,
28.28 Roeder, Smith & Company, as confirmed as to its funded status results by an actuarial
28.29 valuation as of January 1, 2011, of the White Bear Lake Volunteer Fire Department Relief
28.30 Association pension plan prepared by the actuarial consulting firm of Gabriel, Roeder,
28.31 Smith & Company may be considered by the relief association officers, the city of White
28.32 Bear Lake, and the Office of the State Auditor to be a qualifying actuarial valuation of
28.33 the special fund of the relief association for the determination of the actuarial condition

29.1 of the relief association and the financial requirements of the relief association amounts
29.2 and the minimum municipal obligation amounts calculated by relief association officers
29.3 certified to the city of White Bear Lake on or before August 1, 2009, and on or before
29.4 August 1, 2010, may be considered by the City of White Bear Lake and by the Office of
29.5 the State Auditor to be properly determined.

29.6 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective retroactively
29.7 from July 31, 2009, if the White Bear Lake city council and the White Bear Lake chief
29.8 clerical officer timely complete their compliance with Minnesota Statutes, section
29.9 645.021, subdivisions 2 and 3.

29.10 **ARTICLE 5**

29.11 **SMALL GROUP RETIREMENT PROVISIONS**

29.12 Section 1. **PERA-GENERAL; BABBITT AND BUHL SERVICE AND SALARY**
29.13 **CREDIT PURCHASE AUTHORIZATION IN CERTAIN CASES.**

29.14 (a) An eligible person described in paragraph (b) is eligible to purchase from the
29.15 general employees retirement plan of the Public Employees Retirement Association
29.16 allowable service credit and salary credit for the period of uncredited prior employment
29.17 and salary specified in paragraph (c) by making the payment required under paragraph (d).

29.18 (b) An eligible person is a person who:

29.19 (1) was born on November 10, 1957;

29.20 (2) was employed as a part-time police officer by the city of Buhl from July 1988
29.21 until November 1996;

29.22 (3) was employed as a part-time police officer by Embarrass Township from March
29.23 1992 until August 1997;

29.24 (4) was employed as a part-time police officer by the City of Babbitt from April
29.25 1992 until September 1992; and

29.26 (5) was employed as a full-time police officer by the city of Babbitt since October 4,
29.27 1992, and as such is a member of the public employees police and fire retirement plan.

29.28 (c) The periods of unreported employment and salary that qualified for coverage by
29.29 the general employees retirement plan of the Public Employees Retirement Association
29.30 and eligible for purchase are employment by the city of Buhl from October 1989 until
29.31 November 1996 and employment by the city of Babbitt as a part-time police officer from
29.32 April 1992 until September 1992.

29.33 (d) The allowable service and salary credit purchase payment amount must be
29.34 calculated under Minnesota Statutes, section 356.551. Of the total payment amount,

30.1 the eligible person is obligated to pay the amount of member contributions that the
30.2 eligible person would have paid by deduction to the coordinated program of the general
30.3 employees retirement plan of the Public Employees Retirement Association if made in
30.4 a timely fashion, plus annual compound interest at the rate of 8.5 percent from the date
30.5 that the contribution should have been made until the date that the contribution equivalent
30.6 payment is made. The balance of the total payment amount must be allocated between
30.7 the city of Buhl and the city of Babbitt on the basis of the additional retirement benefit
30.8 associated with the applicable period of past unreported eligible employment. The city
30.9 of Buhl and the city of Babbitt shall make their payments within 30 days of the date on
30.10 which the executive director of the Public Employees Retirement Association certifies that
30.11 the eligible person has paid the equivalent member contribution payment and interest. If a
30.12 city fails to make a timely payment, the executive director shall collect the unpaid amount
30.13 under Minnesota Statutes, section 353.28.

30.14 (e) The eligible person shall provide the executive director of the Public Employees
30.15 Retirement Association with any necessary documentation of the applicability of this
30.16 section that the executive director requests.

30.17 (f) The authority of the eligible person to make the equivalent member contribution
30.18 and interest payment under this section expires on the earlier of July 1, 2012, or the date
30.19 on which the eligible person finally terminates public employment covered by Minnesota
30.20 Statutes, chapter 353.

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

30.22 Sec. 2. **INDEPENDENT SCHOOL DISTRICT NO. 270, HOPKINS; SALARY**
30.23 **CREDIT PURCHASE FOR PART-TIME TEACHING PROGRAM SERVICE**
30.24 **AUTHORIZED.**

30.25 (a) An eligible person described in paragraph (b) is entitled, upon application to the
30.26 executive director of the Teachers Retirement Association, to purchase salary credit from
30.27 the Teachers Retirement Association for the period of part-time teaching service specified
30.28 in paragraph (c) if the purchase payment required under paragraph (d) is paid on or before
30.29 July 1, 2012, or the date of the person's retirement, whichever is earlier.

30.30 (b) An eligible person is a person who:

30.31 (1) was born on January 20, 1951;

30.32 (2) was hired by Independent School District No. 270, Hopkins, as a teacher;

30.33 (3) first participated in the qualified part-time teacher association membership
30.34 program with a properly submitted teacher-school district agreement for the 2007-2008
30.35 school year;

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31.1 (4) was employed part-time as a teacher by Independent School District No. 270,
31.2 Hopkins, during the 2008-2009 school year, but the Minnesota Statutes, section 354.66,
31.3 agreement was not filed with the Teachers Retirement Association until September 20,
31.4 2010; and

31.5 (5) was employed by Independent School District No. 270, Hopkins, as a part-time
31.6 teacher under Minnesota Statutes, section 354.66, for the 2009-2010 school year and
31.7 for the 2010-2011 school year.

31.8 (c) The period of part-time teaching service is the period during the 2008-2009
31.9 school year during which the eligible person was paid 80 percent of the eligible person's
31.10 full-time service salary rate for part-time teaching service rendered for Independent
31.11 School District No. 270, Hopkins.

31.12 (d) The total purchase payment amount for the increase in the annual salary credit
31.13 for the 2008-2009 school year of \$11,090.60 in the employ of Independent School
31.14 District No. 270, Hopkins, is the service credit purchase payment amount required
31.15 under Minnesota Statutes, section 356.551. The eligible person shall pay \$609.98 plus
31.16 compound interest at the annual rate of 8.5 percent from January 31, 2009, until the date
31.17 of payment. Independent School District No. 270, Hopkins, must pay the balance of
31.18 the purchase payment amount under Minnesota Statutes, section 356.551, in excess of
31.19 the eligible person's payment amount. The school district payment is due 30 days after
31.20 notification by the executive director of the Teachers Retirement Association that the
31.21 eligible person's payment amount has been received by the association. If the school
31.22 district fails to make the required payment in a timely manner, the executive director of
31.23 the Teachers Retirement Association shall notify the commissioner of management and
31.24 budget and the commissioner of education of that failure and those commissioners shall
31.25 subtract the unpaid amount from and state aid otherwise payable to the school district.

31.26 (e) Upon receipt by the Teachers Retirement Association of the total amount required
31.27 under paragraph (d), the eligible person shall receive annual salary credit for an additional
31.28 \$11,090.60 for the 2008-2009 school year.

31.29 (f) The salary credit purchase payment authorization under this section expires
31.30 August 1, 2012.

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

ARTICLE 6

VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS
FIREFIGHTERS RELIEF ASSOCIATION

Section 1. Minnesota Statutes 2010, section 353.01, is amended by adding a subdivision to read:

Subd. 10a. Unit value; Minneapolis firefighters. "Unit value," for a member of the public employees police and fire retirement plan who was a member of the former Minneapolis Firefighters Relief Association on the day prior to the effective date of consolidation under section 19, is \$82.32 for calendar year 2011, \$104.651 for calendar year 2012, \$109.011 for calendar year 2013, \$114.825 for calendar year 2014, \$124.031 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's unit value plus an increase equal to the adjustment percentage determined under section 356.415, subdivision 1c, effective for the January 1 of the calendar year.

Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 16, is amended to read:

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

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

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

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

(4) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

33.1 (6) a periodic, repetitive leave that is offered to all employees of a governmental
33.2 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
33.3 as certified to the association by the employer. A participating member obtains service
33.4 credit by making employee contributions in an amount or amounts based on the member's
33.5 average salary, excluding overtime pay, that would have been paid if the leave had not been
33.6 taken. The employer shall pay the employer and additional employer contributions on
33.7 behalf of the participating member. The employee and the employer are responsible to pay
33.8 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
33.9 from the end of the normal cycle until full payment is made. An employer shall also make
33.10 the employer and additional employer contributions, plus 8.5 percent interest, compounded
33.11 annually, on behalf of an employee who makes employee contributions but terminates
33.12 public service. The employee contributions must be made within one year after the end of
33.13 the annual normal working cycle or within 30 days after termination of public service,
33.14 whichever is sooner. The executive director shall prescribe the manner and forms to be
33.15 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
33.16 payment, the member must be granted allowable service credit for the purchased period;

33.17 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
33.18 months allowable service per authorized temporary or seasonal layoff in one calendar year.
33.19 An employee who has received the maximum service credit allowed for an authorized
33.20 temporary or seasonal layoff must return to public service and must obtain a minimum of
33.21 three months of allowable service subsequent to the layoff in order to receive allowable
33.22 service for a subsequent authorized temporary or seasonal layoff;

33.23 (8) a period during which a member is absent from employment by a governmental
33.24 subdivision by reason of service in the uniformed services, as defined in United States
33.25 Code, title 38, section 4303(13), if the member returns to public service with the same
33.26 governmental subdivision upon discharge from service in the uniformed service within the
33.27 time frames required under United States Code, title 38, section 4312(e), provided that
33.28 the member did not separate from uniformed service with a dishonorable or bad conduct
33.29 discharge or under other than honorable conditions. The service must be credited if the
33.30 member pays into the fund equivalent employee contributions based upon the contribution
33.31 rate or rates in effect at the time that the uniformed service was performed multiplied by
33.32 the full and fractional years being purchased and applied to the annual salary rate. The
33.33 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
33.34 period that the member would have received if the member had continued to be employed
33.35 in covered employment rather than to provide uniformed service, or, if the determination
33.36 of that rate is not reasonably certain, the annual salary rate is the member's average salary

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34.1 rate, excluding overtime pay, during the 12-month period of covered employment rendered
34.2 immediately preceding the period of the uniformed service. Payment of the member
34.3 equivalent contributions must be made during a period that begins with the date on which
34.4 the individual returns to public employment and that is three times the length of the
34.5 military leave period, or within five years of the date of discharge from the military service,
34.6 whichever is less. If the determined payment period is less than one year, the contributions
34.7 required under this clause to receive service credit may be made within one year of the
34.8 discharge date. Payment may not be accepted following 30 days after termination of
34.9 public service under subdivision 11a. If the member equivalent contributions provided for
34.10 in this clause are not paid in full, the member's allowable service credit must be prorated
34.11 by multiplying the full and fractional number of years of uniformed service eligible for
34.12 purchase by the ratio obtained by dividing the total member contributions received by the
34.13 total member contributions otherwise required under this clause. The equivalent employer
34.14 contribution, and, if applicable, the equivalent additional employer contribution must be
34.15 paid by the governmental subdivision employing the member if the member makes the
34.16 equivalent employee contributions. The employer payments must be made from funds
34.17 available to the employing unit, using the employer and additional employer contribution
34.18 rate or rates in effect at the time that the uniformed service was performed, applied to the
34.19 same annual salary rate or rates used to compute the equivalent member contribution. The
34.20 governmental subdivision involved may appropriate money for those payments. The
34.21 amount of service credit obtainable under this section may not exceed five years unless a
34.22 longer purchase period is required under United States Code, title 38, section 4312. The
34.23 employing unit shall pay interest on all equivalent member and employer contribution
34.24 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
34.25 compounded annually from the end of each fiscal year of the leave or the break in service
34.26 to the end of the month in which the payment is received. Upon payment, the employee
34.27 must be granted allowable service credit for the purchased period; or

34.28 (9) a period specified under subdivision 40.

34.29 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
34.30 state officers and employees displaced by the Community Corrections Act, chapter 401,
34.31 and transferred into county service under section 401.04, "allowable service" means the
34.32 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
34.33 section 352.01, subdivision 11.

34.34 (c) For a public employee who has prior service covered by a local police or
34.35 firefighters relief association that has consolidated with the Public Employees Retirement
34.36 Association under chapter 353A or to which section 353.665 applies, and who has elected

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35.1 the type of benefit coverage provided by the public employees police and fire fund either
35.2 under section 353A.08 following the consolidation or under section 353.665, subdivision
35.3 4, "~~applicable~~ allowable service" is a period of service credited by the local police or
35.4 firefighters relief association as of the effective date of the consolidation based on law
35.5 and on bylaw provisions governing the relief association on the date of the initiation
35.6 of the consolidation procedure.

35.7 (d) No member may receive more than 12 months of allowable service credit in
35.8 a year either for vesting purposes or for benefit calculation purposes. For an active
35.9 member who was an active member of the former Minneapolis Firefighters Relief
35.10 Association on the day prior to the effective date of consolidation under section 19,
35.11 "allowable service" is the period of service credited by the Minneapolis Firefighters Relief
35.12 Association as reflected in the transferred records of the association up to the effective
35.13 date of consolidation under section 19 and the period of service credited under paragraph
35.14 (a), clause (1), after the effective date of consolidation under section 19.

35.15 (e) MS 2002 [Expired]

35.16 Sec. 3. Minnesota Statutes 2010, section 353.03, is amended by adding a subdivision
35.17 to read:

35.18 Subd. 3b. **Additional duties.** The executive director shall deduct from the annuity
35.19 or benefit periodically the amount of any dues of any fraternal organization continuing or
35.20 established after the effective date of consolidation under section 19 for former members
35.21 of the former Minneapolis Firefighters Relief Association.

35.22 Sec. 4. Minnesota Statutes 2010, section 353.65, subdivision 1, is amended to read:

35.23 Subdivision 1. **Fund established.** (a) The public employees police and fire fund
35.24 is established for police officers and firefighters who meet the eligibility criteria under
35.25 section 353.64.

35.26 (b) Employee contributions other than those made under subdivision 2, paragraph
35.27 (b), employer contributions under subdivision 3 and under section 353.667, subdivision 6,
35.28 other than the excess contribution established by section 69.031, subdivision 5, paragraphs
35.29 (2), clauses (b) and (c), and (3), and other amounts authorized by law, including all
35.30 employee and employer contributions of members transferred, must be deposited in the
35.31 public employees police and fire fund.

35.32 Sec. 5. Minnesota Statutes 2010, section 353.65, subdivision 2, is amended to read:

36.1 Subd. 2. **Employee contribution.** (a) For members other than members who were
36.2 active members of the former Minneapolis Firefighters Relief Association on the day prior
36.3 to the effective date of consolidation under section 19, the employee contribution is 9.4
36.4 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary
36.5 of the member in each calendar year after 2010. ~~This contribution~~

36.6 (b) For members who were active members of the former Minneapolis Firefighters
36.7 Relief Association on the day prior to the effective date of consolidation under section 19,
36.8 the employee contribution is an amount equal to eight percent of the monthly unit value
36.9 under section 353.01, subdivision 10a, multiplied by 80 and expressed as a biweekly
36.10 amount for each member. The employee contribution made by a member with at least
36.11 25 years of service credit as an active member of the former Minneapolis Firefighters
36.12 Relief Association must be deposited in the postretirement health care savings account
36.13 established under 352.98.

36.14 (c) Contributions under this section must be made by deduction from salary in
36.15 the manner provided in subdivision 4. Where any portion of a member's salary is paid
36.16 from other than public funds, the member's employee contribution is based on the total
36.17 salary received from all sources.

36.18 Sec. 6. Minnesota Statutes 2010, section 353.65, subdivision 3, is amended to read:

36.19 Subd. 3. **Employer contribution.** (a) With respect to members other than members
36.20 who were active members of the former Minneapolis Firefighters Relief Association
36.21 on the day prior to the effective date of consolidation under section 19, the employer
36.22 contribution is 14.1 percent of the salary of the member in calendar year 2010 and is 14.4
36.23 percent of the salary of the member in each calendar year after 2010. ~~This contribution~~

36.24 (b) With respect to members who were active members of the former Minneapolis
36.25 Firefighters Relief Association on the day prior to the effective date of consolidation under
36.26 section 19, the employer contribution is an amount equal to the amount of the member
36.27 contributions under subdivision 2, paragraph (b).

36.28 (c) Contributions under this subdivision must be made from funds available to the
36.29 employing subdivision by the means and in the manner provided in section 353.28.

36.30 Sec. 7. Minnesota Statutes 2010, section 353.651, subdivision 1, is amended to read:

36.31 Subdivision 1. **Age and allowable service requirements.** Upon separation from
36.32 public service, any police officer or firefighter member, other than a firefighter covered
36.33 by section 353.6511, who has attained the age of at least 55 years and who is vested

37.1 under section 353.01, subdivision 47, is entitled upon application to a retirement annuity,
37.2 known as the "normal" retirement annuity.

37.3 Sec. 8. [353.6511] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN
37.4 CERTAIN INSTANCES.

37.5 Subdivision 1. **Applicability.** The alternative benefit coverage under this section
37.6 applies only to an active member of the public employees police and fire retirement plan
37.7 who was an active member of the former Minneapolis Firefighters Relief Association on
37.8 the day prior to the consolidation effective date under section 19 and who retires after the
37.9 consolidation effective date under section 19.

37.10 Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the
37.11 member meets the eligibility requirements of paragraph (b), is only entitled to a retirement
37.12 annuity under this subdivision.

37.13 (b) The member, upon application, if the person is at least age 50 and has credit for
37.14 at least 20 years of allowable service, is entitled to a normal retirement annuity. The
37.15 normal retirement annuity is the following amount based on the service credit of the
37.16 retiring member as a Minneapolis firefighter:

<u>completed years of service</u>	<u>retirement annuity amount</u>
<u>15</u>	<u>25.0 units</u>
<u>16</u>	<u>26.6 units</u>
<u>17</u>	<u>28.2 units</u>
<u>18</u>	<u>29.8 units</u>
<u>19</u>	<u>31.4 units</u>
<u>20</u>	<u>35 units</u>
<u>21</u>	<u>36.6 units</u>
<u>22</u>	<u>38.2 units</u>
<u>23</u>	<u>39.8 units</u>
<u>24</u>	<u>41.4 units</u>
<u>25 or more</u>	<u>43.0 units</u>

37.29 (c) For a retired member who was unmarried on September 1, 1997, and also
37.30 on October 25, 2001, who had 25 years of service credit as of October 25, 2001, and
37.31 submitted a valid application for the alternative service pension under section 423C.05,
37.32 subdivision 9, the retirement annuity amount is 43.3 units.

37.33 Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member
37.34 is disabled under section 353.01, subdivision 41 or 46, is entitled to a disability benefit
37.35 equal to 41 units.

38.1 Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01,
38.2 subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving
38.3 spouse benefit equal to 23 units.

38.4 Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under
38.5 section 353.01, subdivision 15a, of a deceased member described in subdivision 1 is
38.6 entitled to a surviving child benefit equal to eight units.

38.7 Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving
38.8 dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under
38.9 subdivisions 4 and 5 of 43 units.

38.10 Subd. 8. **Postretirement adjustments.** (a) Effective on the first day of the month
38.11 next following the effective date of the consolidation under section 19, service pensions
38.12 and survivor benefits in force are entitled to be recomputed with the number of units
38.13 specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities under
38.14 section 423C.05, subdivision 8, also are entitled to be recomputed as the actuarial
38.15 equivalent of the service pensions and survivor benefits with the number of units
38.16 specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities, service
38.17 pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible
38.18 for postretirement adjustments under section 356.415, subdivision 1c. The unit value
38.19 for the calculation of a retirement annuity first payable after December 31, 2015, is the
38.20 calendar year 2015 unit value, plus any postretirement adjustment percentage amount
38.21 under section 356.415, subdivision 1c, payable after December 31, 2015, and before the
38.22 date of retirement.

38.23 Subd. 9. **Savings clause; dispute resolution.** In the event of any dispute by or on
38.24 behalf of any former member of the consolidating relief association after the effective date
38.25 of consolidation over the amount of a benefit to which the person may be entitled, the
38.26 proper interpretation of a provision of this article, or the conformity of the provisions of
38.27 this article to the provisions of the benefit plan of the consolidating relief association in
38.28 effective immediately before the date of the consolidation, the dispute shall be submitted
38.29 in writing to the Legislative Commission on Pensions and Retirement by the person
38.30 who is a party to the dispute, by the fraternal organization related to the former relief
38.31 association, or by the executive director of the Public Employees Retirement Association.
38.32 The Legislative Commission on Pensions and Retirement shall review the dispute as
38.33 part of its deliberations on proposed or pending retirement legislation and shall make its
38.34 recommendation on the resolution of the dispute, if any, to the appropriate committees of
38.35 the senate and house of representatives with jurisdiction over public employee pension
38.36 matters in the form of the necessary legislation amending the provisions of this article,

39.1 which proposed legislation must include retroactivity of any increase in a benefit amount
39.2 to the date on which the benefit subject to dispute accrued or would have accrued.

39.3 Sec. 9. Minnesota Statutes 2010, section 353.656, subdivision 1, is amended to read:

39.4 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of
39.5 the police and fire plan, other than a firefighter covered by section 353.6511, who is
39.6 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
39.7 shall receive disability benefits during the period of such disability in an amount equal to
39.8 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
39.9 additional percentage specified under section 356.315, subdivision 6, of that average
39.10 salary for each year of service in excess of 20 years.

39.11 (b) To be eligible for a benefit under paragraph (a), the member must have:

39.12 (1) not met the requirements for a retirement annuity under section 353.651,
39.13 subdivision 1; or

39.14 (2) met the requirements under that subdivision, but does not have at least 20 years
39.15 of allowable service credit.

39.16 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
39.17 period of 60 months from the disability benefit accrual date and at the end of that period
39.18 is subject to provisions of subdivision 5a.

39.19 (d) If the disability under this subdivision occurs before the member has at least five
39.20 years of allowable service credit in the police and fire plan, the disability benefit must be
39.21 computed on the average salary from which deductions were made for contribution to
39.22 the police and fire fund.

39.23 Sec. 10. Minnesota Statutes 2010, section 353.656, subdivision 1a, is amended to read:

39.24 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
39.25 member of the police and fire plan, other than a firefighter covered by section 353.6511,
39.26 whose disabling condition is determined to be a duty disability that is also a permanent
39.27 and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for
39.28 life, disability benefits in an amount equal to 60 percent of the average salary as defined in
39.29 section 353.01, subdivision 17a, plus an additional percent specified in section 356.315,
39.30 subdivision 6, of that average salary for each year of service in excess of 20 years.

39.31 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
39.32 under section 353.33, subdivision 6, but the review may be waived if the executive
39.33 director receives a written statement from the association's medical advisor that no
39.34 improvement can be expected in the member's disabling condition that was the basis for

40.1 payment of the benefit under paragraph (a). A member receiving a disability benefit
40.2 under this subdivision who is found to no longer be permanently and totally disabled as
40.3 defined under section 353.01, subdivision 19, but continues to meet the definition for
40.4 receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision
40.5 1 upon written notice from the association's medical advisor that the person is no longer
40.6 considered permanently and totally disabled.

40.7 (c) If a member approved for disability benefits under this subdivision dies before
40.8 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
40.9 (b), or within 60 months of the effective date of the disability, whichever is later,
40.10 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
40.11 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
40.12 condition for which disability benefits were approved, or section 353.657, subdivision
40.13 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
40.14 for which benefits were approved under this subdivision.

40.15 (d) If the election of an actuarial equivalent optional annuity is not made at the time
40.16 the permanent and total disability benefit accrues, an election must be made within 90
40.17 days before the member attains normal retirement age as defined under section 353.01,
40.18 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
40.19 for 60 months, whichever is later. If a member receiving disability benefits who has
40.20 dependent children dies, subdivision 6a, paragraph (c), applies.

40.21 Sec. 11. Minnesota Statutes 2010, section 353.656, subdivision 3, is amended to read:

40.22 Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan, other
40.23 than a firefighter covered by section 353.6511, who qualifies for a regular disability benefit
40.24 as defined in section 353.01, subdivision 46, is entitled to receive a disability benefit,
40.25 after filing a valid application, in an amount equal to 45 percent of the average salary as
40.26 defined in section 353.01, subdivision 17a.

40.27 (b) To be eligible for a benefit under paragraph (a), the member must have at least
40.28 one year of allowable service credit and have:

40.29 (1) not met the requirements for a retirement annuity under section 353.651,
40.30 subdivision 1, or

40.31 (2) met the requirements under that subdivision, but does not have at least 15 years
40.32 of allowable service credit.

40.33 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
40.34 period of 60 months from the disability benefit accrual date and, at the end of that period,
40.35 is subject to provisions of subdivision 5a.

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41.1 (d) For a member who is employed as a full-time firefighter by the Department of
41.2 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
41.3 Affairs Department firefighter credited by the Minnesota State Retirement System may be
41.4 used in meeting the minimum allowable service requirement of this subdivision.

41.5 Sec. 12. Minnesota Statutes 2010, section 353.656, subdivision 3a, is amended to read:

41.6 Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a)
41.7 A member of the police and fire plan, other than a firefighter covered by section 353.6511,
41.8 whose disabling condition is determined to be a regular disability under section 353.01,
41.9 subdivision 46, that is also a permanent and total disability as defined in section 353.01,
41.10 subdivision 19, is entitled to receive, for life, a disability benefit in an amount equal to
41.11 45 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
41.12 additional percent specified in section 356.315, subdivision 6, of that average salary for
41.13 each year of service in excess of 15 years.

41.14 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
41.15 under section 353.33, subdivision 6, but the review may be waived if the executive
41.16 director receives a written statement from the association's medical advisor that no
41.17 improvement can be expected in the member's disabling condition that was the basis for
41.18 payment of the benefit under paragraph (a). A member receiving a disability benefit under
41.19 this subdivision who is found to no longer be permanently and totally disabled as defined
41.20 under section 353.01, subdivision 19, but continues to meet the definition for receipt
41.21 of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3
41.22 upon written notice from the association's medical advisor that the person is no longer
41.23 considered permanently and totally disabled.

41.24 (c) A member approved for disability benefits under this subdivision may elect
41.25 to receive a normal disability benefit or an actuarial equivalent optional annuity. If the
41.26 election of an actuarial equivalent optional annuity is not made at the time the total and
41.27 permanent disability benefit accrues, an election must be made within 90 days before
41.28 the member attains normal retirement age as defined in section 353.01, subdivision 37,
41.29 paragraph (b), or having collected disability benefits for 60 months, whichever is later.
41.30 No surviving spouse benefits are payable if the member dies during the period in which
41.31 a normal total and permanent disability benefit is being paid. If a member receiving
41.32 disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

41.33 Sec. 13. Minnesota Statutes 2010, section 353.657, subdivision 1, is amended to read:

42.1 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund,
42.2 other than a firefighter covered by section 353.6511, dies from any cause before retirement
42.3 or before becoming disabled and receiving disability benefits, the association shall grant
42.4 survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and
42.5 to a dependent child or children, as defined in section 353.01, subdivision 15, except
42.6 that if the death is not a line of duty death, the member must be vested under section
42.7 353.01, subdivision 47.

42.8 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
42.9 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
42.10 stipulated under the terms of a marriage dissolution decree filed with the association. If
42.11 there is no surviving spouse or child or children, a former spouse may be entitled to
42.12 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
42.13 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
42.14 of a marriage dissolution decree filed with the association.

42.15 (c) The spouse and child or children are entitled to monthly benefits as provided in
42.16 subdivisions 2 to 4.

42.17 Sec. 14. **[353.667] CONSOLIDATION OF THE MINNEAPOLIS**
42.18 **FIREFIGHTERS RELIEF ASSOCIATION.**

42.19 Subdivision 1. **Membership transfer.** On the effective date of consolidation under
42.20 section 19, the active, inactive, and retired members of the Minneapolis Firefighters Relief
42.21 Association are transferred to the public employees police and fire retirement plan, are
42.22 no longer members of the Minneapolis Firefighters Relief Association, and are members
42.23 of the public employees police and fire retirement plan.

42.24 Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service
42.25 credit and base salary credit of the active members of the Minneapolis Firefighters
42.26 Relief Association, as contained in the records of the Minneapolis Firefighters Relief
42.27 Association through the day before the effective date of consolidation under section 19,
42.28 are transferred to the public employees police and fire retirement plan and is credited as
42.29 provided in section 353.01, subdivisions 10a and 16, paragraph (c), on the effective date
42.30 of consolidation under section 19.

42.31 (b) The liability for the payment of retirement annuities, service pensions, and
42.32 retirement benefits of the Minneapolis Firefighters Relief Association retired members,
42.33 service pensioners, disabilitants, and other retirement benefit recipients as specified
42.34 in the records of the Minneapolis Firefighters Relief Association is transferred to the

43.1 public employees police and fire retirement plan on the effective date of consolidation
43.2 under section 19.

43.3 Subd. 3. **Transfer of records.** On the effective date of the consolidation under
43.4 section 19, the chief administrative officer of the Minneapolis Firefighters Relief
43.5 Association shall transfer all records and documents relating to the special fund of the
43.6 Minneapolis Firefighters Relief Association to the executive director of the Public
43.7 Employees Retirement Association. To the extent possible, original copies of all records
43.8 and documents must be transferred.

43.9 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
43.10 of the consolidation under section 19, the chief administrative officer of the Minneapolis
43.11 Firefighters Relief Association shall transfer the entire assets of the special fund of the
43.12 Minneapolis Firefighters Relief Association other than the health insurance account to
43.13 the public employees police and fire retirement fund at market value. Unless ineligible
43.14 or inappropriate, the transfer must be in the form of investment securities and must
43.15 include any accounts receivable that are determined by the State Board of Investment as
43.16 being capable of being collected. An amount, in cash, must be transferred by the city of
43.17 Minneapolis equal to the market value recognized by the relief association of investment
43.18 securities that are determined by the executive director of the State Board of Investment
43.19 not to be in compliance with the requirements and limitations set forth in sections
43.20 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of
43.21 the established investment objectives of the State Board of Investment or of accounts
43.22 receivable determined as being incapable of being collected by the executive director of
43.23 the State Board of Investment. Legal and beneficial title to assets that are determined
43.24 noncompliant or inappropriate securities or that are uncollectible accounts receivable are
43.25 transferred to the city of Minneapolis on the effective date of consolidation under section
43.26 19. Any accounts payable on the effective date of consolidation under section 19 are
43.27 an obligation of the public employees police and fire retirement fund and reduce the
43.28 asset value for purposes of subdivision 6. The transferred assets must be deposited in the
43.29 public employees police and fire retirement fund. The amount of the transferred health
43.30 insurance account must remain deposited in the financial institution retained by the former
43.31 Minneapolis Firefighters Relief Association on May 1, 2011, and that financial institution
43.32 must act as the custodian of the account. The financial institution shall perform all trustee
43.33 and fiduciary duties with respect to the account as a condition to the retention of the
43.34 account. The executive director of the Minneapolis Firefighters Relief Association, prior to
43.35 the effective date of consolidation, shall estimate three calendar years of the administrative
43.36 expenses related to the operation of the account and shall prepay those expenses from the

44.1 account to the financial institution before the effective date of consolidation. After the
44.2 three-year prepayment period, the beneficiaries of the account are responsible for the
44.3 payment of the administrative expenses related to the operation of the account.

44.4 (b) Upon the transfer of assets to the State Board of Investment under paragraph
44.5 (a), legal title to those transferred assets vests with the State Board of Investment on
44.6 behalf of the public employees police and fire retirement plan, and beneficial title to
44.7 the transferred assets remains with the former membership of the former Minneapolis
44.8 Firefighters Relief Association.

44.9 (c) The public employees police and fire retirement plan and fund is the successor in
44.10 interest to all claims for or against the Minneapolis Firefighters Relief Association. The
44.11 public employees police and fire retirement plan and fund is not liable for any claim
44.12 against the Minneapolis Firefighters Relief Association, its governing board, or its
44.13 administrative staff acting in a fiduciary capacity, under chapter 356A or common law,
44.14 which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting
44.15 the claimed breach were not undertaken in good faith. The public employees police and
44.16 fire retirement plan may assert any applicable defense to any claim in any judicial or
44.17 administrative proceeding that the Minneapolis Firefighters Relief Association, its board,
44.18 or its administrative staff would otherwise have been entitled to assert, and the public
44.19 employees police and fire retirement plan may assert any applicable defense that it has in
44.20 its capacity as a statewide agency.

44.21 (d) The Public Employees Retirement Association shall indemnify any former
44.22 fiduciary of the Minneapolis Firefighters Relief Association consistent with the
44.23 provisions of section 356A.11. The indemnification may be effected by the purchase
44.24 by the Public Employees Retirement Association of reasonable fiduciary liability tail
44.25 insurance for the officers and directors of the former Minneapolis Firefighters Relief
44.26 Association. Consistent with section 69.80, the relief association may purchase reasonable
44.27 fiduciary liability tail insurance for its officers and directors prior to the effective date of
44.28 consolidation under section 19.

44.29 (e) Office equipment and other physical assets of the special fund of the Minneapolis
44.30 Firefighters Relief Association that are not needed by the Public Employees Retirement
44.31 Association may be sold by the special fund of the Minneapolis Firefighters Relief
44.32 Association to the general fund of the Minneapolis Firefighters Relief Association or to
44.33 any successor fraternal organization of the Minneapolis Firefighters Relief Association at
44.34 fair market value, with the proceeds of that sale deposited in the public employees police
44.35 and fire retirement fund and included in the transferred asset value under subdivision 6.

45.1 Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits
45.2 of or attributable to retired, disabled, deferred, or inactive Minneapolis Firefighters
45.3 Relief Association members who had that status as of the day before the effective date
45.4 of consolidation under section 19 continue after consolidation in the same amount and
45.5 under the same terms as provided in chapter 423C except that the unit value is governed
45.6 by section 353.01, subdivision 10a, and the postretirement adjustments after December
45.7 31, 2015, must be calculated solely under section 353.6511, subdivision 8.

45.8 Subd. 6. **Additional employer contributions.** (a) As of the effective date of the
45.9 consolidation under section 19, the approved actuary retained by the Public Employees
45.10 Retirement Association shall calculate the present value of future benefits of the former
45.11 Minneapolis Firefighters Relief Association, and, after subtracting the market value of
45.12 the transferred assets of the former Minneapolis Firefighters Relief Association and the
45.13 present value of the employer contribution under section 353.65, subdivision 3, paragraph
45.14 (b), shall calculate the remainder present value of future benefits amount. Annually,
45.15 following the effective date of consolidation under section 19, the city of Minneapolis
45.16 shall pay an amount sufficient to amortize on a level annual dollar basis the remainder
45.17 present value of future benefits amount by December 31, 2031. The amortization payment
45.18 is payable annually on July 15, beginning in the year following the effective date of the
45.19 consolidation. The 2012 payment should be estimated based on the provisions of this
45.20 legislation. The July 2013 payment shall be adjusted based on the final actuarial valuation.

45.21 (b) If the postretirement or preretirement interest rate actuarial assumption applicable
45.22 to the public employees police and fire retirement plan under section 356.215, subdivision
45.23 8, is modified from the rates specified in section 356.215, subdivision 8, the remainder
45.24 present value of future benefits amount calculation under paragraph (a), updated for
45.25 the passage of time, must be revised and the amortization contribution by the city of
45.26 Minneapolis for the balance of the amortization period must be redetermined and certified
45.27 to the city of Minneapolis.

45.28 Subd. 7. **Health and dental insurance program deductions.** The executive
45.29 director shall withhold any health insurance or dental insurance premiums designated
45.30 by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis.
45.31 The Public Employees Retirement Association may charge a necessary and reasonable
45.32 monthly administrative fee to the city of Minneapolis for this function and bill it in
45.33 addition to the employer contribution under section 353.65, subdivision 3, paragraph (b).
45.34 Notwithstanding any provision of chapter 13 to the contrary, the executive director shall
45.35 provide the city of Minneapolis with the current addresses of former members of the
45.36 Minneapolis Firefighters Relief Association.

46.1 Subd. 8. Cooperation with fraternal organization. (a) This subdivision applies if
46.2 the membership of the former Minneapolis Firefighters Relief Association approves the
46.3 continuation of the relief association as a fraternal organization under section 16.

46.4 (b) The executive director shall cooperate with the Minneapolis firefighters fraternal
46.5 association to insure adequate communication with the former members of the former
46.6 Minneapolis Firefighters Relief Association consistent with Public Employees Retirement
46.7 Association policy.

46.8 Subd. 9. Fire insurance surcharge. Notwithstanding any provision of section
46.9 297I.10 to the contrary, the proceeds of the first class city fire insurance premium tax
46.10 surcharge with respect to Minneapolis must be paid to the city of Minneapolis to defray a
46.11 portion of the employer retirement cost under section 353.65, subdivision 3, with respect
46.12 to Minneapolis firefighters.

46.13 Sec. 15. Minnesota Statutes 2010, section 423A.02, subdivision 1b, is amended to read:

46.14 Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the
46.15 commissioner of revenue shall allocate the additional amortization state aid transferred
46.16 under section 69.021, subdivision 11, to:

46.17 (1) all police or salaried firefighters relief associations governed by and in full
46.18 compliance with the requirements of section 69.77, that had an unfunded actuarial accrued
46.19 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
46.20 preceding December 31;

46.21 (2) all local police or salaried firefighter consolidation accounts governed by chapter
46.22 353A that are certified by the executive director of the public employees retirement
46.23 association as having for the current fiscal year an additional municipal contribution
46.24 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented
46.25 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
46.26 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
46.27 of the consolidation preceded June 1, 1995; and

46.28 (3) the municipalities that are required to make an additional municipal contribution
46.29 under section 353.665, subdivision 8, or 353.667, subdivision 6, for the duration of the
46.30 required additional contribution.

46.31 (b) The commissioner shall allocate the state aid on the basis of the proportional share
46.32 of the relief association or consolidation account of the total unfunded actuarial accrued
46.33 liability of all recipient relief associations and consolidation accounts as of December 31,
46.34 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

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47.1 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
47.2 allocate the state aid, including any state aid in excess of the limitation in subdivision
47.3 4, on the following basis:

47.4 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
47.5 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
47.6 accordance with paragraph (b) and subject to the limitation in subdivision 4;

47.7 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
47.8 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
47.9 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
47.10 Fire Department Relief Association; and

47.11 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
47.12 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
47.13 December 31 for the Virginia Fire Department Relief Association.

47.14 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
47.15 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
47.16 in the most recent actuarial valuations for the relief associations prepared under sections
47.17 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
47.18 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
47.19 Teachers Retirement Fund Association, and 30 percent as additional funding to support
47.20 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
47.21 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
47.22 in the most recent actuarial valuation for the relief association prepared under sections
47.23 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
47.24 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
47.25 Teachers Retirement Fund Association, and 30 percent as additional funding to support
47.26 minimum fire state aid for volunteer firefighters relief associations. Upon the final
47.27 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
47.28 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
47.29 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
47.30 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
47.31 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
47.32 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
47.33 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
47.34 associated with the police and firefighters pensions, and 40 percent as additional funding to
47.35 support minimum fire state aid for volunteer firefighters relief associations. The allocation
47.36 must be made by the commissioner at the same time and under the same procedures

48.1 as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund
48.2 Association, annually, beginning on July 1, 2005, if the applicable teacher's association
48.3 five-year average time-weighted rate of investment return does not equal or exceed the
48.4 performance of a composite portfolio assumed passively managed (indexed) invested ten
48.5 percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent
48.6 in domestic stock calculated using the formula under section 11A.04, clause (11), the aid
48.7 allocation to that retirement fund under this section ceases until the five-year annual rate
48.8 of investment return equals or exceeds the performance of that composite portfolio.

48.9 (d) The amounts required under this subdivision are the amounts annually
48.10 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
48.11 paragraph (e).

48.12 Sec. 16. **MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION; SPECIAL**
48.13 **ACTUARIAL VALUATION PENDING CONSOLIDATION.**

48.14 (a) On or before August 1, 2011, the approved actuarial consulting firm retained by
48.15 the Public Employees Retirement Association under Minnesota Statutes, section 356.214,
48.16 shall prepare an alternative actuarial valuation of the Minneapolis Firefighters Relief
48.17 Association under Minnesota Statutes, section 356.215, and the most recent standards
48.18 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
48.19 as of August 11, 2010, using the applicable actuarial assumptions and the applicable
48.20 amortization target date of the public employee police and fire retirement plan.

48.21 (b) The officers of the Minneapolis Firefighters Relief Association shall supply the
48.22 approved actuary retained by the Public Employees Retirement Association with the
48.23 financial and demographic data necessary to perform the alternative actuarial valuation.

48.24 (c) The alternative actuarial valuation of the Minneapolis Firefighters Relief
48.25 Association must be filed with the mayor of the city of Minneapolis, with the Minneapolis
48.26 city coordinator, with the executive director of the Minneapolis Firefighters Relief
48.27 Association, with the executive director of the Public Employees Retirement Association,
48.28 with the executive director of the Legislative Commission on Pensions and Retirement,
48.29 and with the Legislative Reference Library.

48.30 (d) The expense of preparing the alternative actuarial valuation must be paid by the
48.31 city of Minneapolis within 30 days of its certification to the finance director of the city of
48.32 Minneapolis by the executive director of the Public Employees Retirement Association.

48.33 Sec. 17. **TERMINATION OF THE RELIEF ASSOCIATION.**

49.1 (a) On the effective date of the consolidation under section 19, the special fund of
49.2 the Minneapolis Firefighters Relief Association ceases to exist.

49.3 (b) The Minneapolis Firefighters Relief Association shall provide for the
49.4 continuation of the relief association as a fraternal organization other than as a pension or
49.5 retirement organization and shall approve the changes in its articles of incorporation and
49.6 bylaws necessary to effect that redesignation and reorganization of the organization.

49.7 (c) If the Minneapolis Firefighters Relief Association continues the relief association
49.8 as a fraternal organization under paragraph (b), the transfer of relief association assets
49.9 under Minnesota Statutes, section 353.667, subdivision 4, must not include assets of the
49.10 Minneapolis Firefighters Relief Association general fund, which must be retained by
49.11 the fraternal organization for organization purposes other than for pension or retirement
49.12 benefit payment purposes.

49.13 (d) As of the effective date of the consolidation under section 19, the employment
49.14 of the employees of the Minneapolis Firefighters Relief Association terminates. The
49.15 employees of the Minneapolis Firefighters Relief Association who were employed by the
49.16 relief association before May 1, 2011, have an employment preference with the Public
49.17 Employees Retirement Association equal to that under the veterans preference act.

49.18 (e) If, on the day following approval of this article by the Minneapolis city council,
49.19 the consolidation has been approved by all applicable entities under section 19, the officers
49.20 of the Minneapolis Firefighters Relief Association shall certify to the city of Minneapolis
49.21 and to the Hennepin County auditor the financial requirements of the relief association and
49.22 the minimum municipal obligation under Minnesota Statutes, section 69.77, subdivision 4,
49.23 revised consistent with the actuarial valuation results under Minnesota Statutes, section
49.24 423A.02, subdivision 1b.

49.25 (f) After the effective date of consolidation under section 19, the city of Minneapolis
49.26 shall continue to administer the health and dental insurance programs as constituted on
49.27 May 1, 2011, for the former members of the former Minneapolis Firefighters Relief
49.28 Association, transferring premiums as required.

49.29 **Sec. 18. REPEALER.**

49.30 Minnesota Statutes 2010, sections 423A.021; 423C.01; 423C.02; 423C.03; 423C.04;
49.31 423C.05; 423C.06; 423C.07; 423C.08; 423C.09; 423C.10; 423C.11; 423C.12; 423C.13;
49.32 423C.14; 423C.15; and 423C.16, are repealed.

49.33 **Sec. 19. EFFECTIVE DATE; LOCAL APPROVAL.**

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51.1 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 16, is amended to read:

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

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

51.7 (2) periods of service covered by payments in lieu of salary deductions under
51.8 sections 353.27, subdivision 12, and 353.35;

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

51.12 (4) a period of authorized leave of absence with pay from which deductions for
51.13 employee contributions are made, deposited, and credited to the fund;

51.14 (5) a period of authorized personal, parental, or medical leave of absence without
51.15 pay, including a leave of absence covered under the federal Family Medical Leave Act,
51.16 that does not exceed one year, and for which a member obtained service credit for each
51.17 month in the leave period by payment under section 353.0161 to the fund made in place of
51.18 salary deductions. An employee must return to public service and render a minimum of
51.19 three months of allowable service in order to be eligible to make payment under section
51.20 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
51.21 employee must be granted allowable service credit for the purchased period;

51.22 (6) a periodic, repetitive leave that is offered to all employees of a governmental
51.23 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
51.24 as certified to the association by the employer. A participating member obtains service
51.25 credit by making employee contributions in an amount or amounts based on the member's
51.26 average salary, excluding overtime pay, that would have been paid if the leave had not been
51.27 taken. The employer shall pay the employer and additional employer contributions on
51.28 behalf of the participating member. The employee and the employer are responsible to pay
51.29 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
51.30 from the end of the normal cycle until full payment is made. An employer shall also make
51.31 the employer and additional employer contributions, plus 8.5 percent interest, compounded
51.32 annually, on behalf of an employee who makes employee contributions but terminates
51.33 public service. The employee contributions must be made within one year after the end of
51.34 the annual normal working cycle or within 30 days after termination of public service,
51.35 whichever is sooner. The executive director shall prescribe the manner and forms to be

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52.1 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
52.2 payment, the member must be granted allowable service credit for the purchased period;

52.3 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
52.4 months allowable service per authorized temporary or seasonal layoff in one calendar year.

52.5 An employee who has received the maximum service credit allowed for an authorized
52.6 temporary or seasonal layoff must return to public service and must obtain a minimum of
52.7 three months of allowable service subsequent to the layoff in order to receive allowable
52.8 service for a subsequent authorized temporary or seasonal layoff;

52.9 (8) a period during which a member is absent from employment by a governmental
52.10 subdivision by reason of service in the uniformed services, as defined in United States
52.11 Code, title 38, section 4303(13), if the member returns to public service with the same
52.12 governmental subdivision upon discharge from service in the uniformed service within the
52.13 time frames required under United States Code, title 38, section 4312(e), provided that
52.14 the member did not separate from uniformed service with a dishonorable or bad conduct
52.15 discharge or under other than honorable conditions. The service must be credited if the
52.16 member pays into the fund equivalent employee contributions based upon the contribution
52.17 rate or rates in effect at the time that the uniformed service was performed multiplied by
52.18 the full and fractional years being purchased and applied to the annual salary rate. The
52.19 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
52.20 period that the member would have received if the member had continued to be employed
52.21 in covered employment rather than to provide uniformed service, or, if the determination
52.22 of that rate is not reasonably certain, the annual salary rate is the member's average salary
52.23 rate, excluding overtime pay, during the 12-month period of covered employment rendered
52.24 immediately preceding the period of the uniformed service. Payment of the member
52.25 equivalent contributions must be made during a period that begins with the date on which
52.26 the individual returns to public employment and that is three times the length of the
52.27 military leave period, or within five years of the date of discharge from the military service,
52.28 whichever is less. If the determined payment period is less than one year, the contributions
52.29 required under this clause to receive service credit may be made within one year of the
52.30 discharge date. Payment may not be accepted following 30 days after termination of
52.31 public service under subdivision 11a. If the member equivalent contributions provided for
52.32 in this clause are not paid in full, the member's allowable service credit must be prorated
52.33 by multiplying the full and fractional number of years of uniformed service eligible for
52.34 purchase by the ratio obtained by dividing the total member contributions received by the
52.35 total member contributions otherwise required under this clause. The equivalent employer
52.36 contribution, and, if applicable, the equivalent additional employer contribution must be

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53.1 paid by the governmental subdivision employing the member if the member makes the
53.2 equivalent employee contributions. The employer payments must be made from funds
53.3 available to the employing unit, using the employer and additional employer contribution
53.4 rate or rates in effect at the time that the uniformed service was performed, applied to the
53.5 same annual salary rate or rates used to compute the equivalent member contribution. The
53.6 governmental subdivision involved may appropriate money for those payments. The
53.7 amount of service credit obtainable under this section may not exceed five years unless a
53.8 longer purchase period is required under United States Code, title 38, section 4312. The
53.9 employing unit shall pay interest on all equivalent member and employer contribution
53.10 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
53.11 compounded annually from the end of each fiscal year of the leave or the break in service
53.12 to the end of the month in which the payment is received. Upon payment, the employee
53.13 must be granted allowable service credit for the purchased period; or

53.14 (9) a period specified under subdivision 40.

53.15 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
53.16 state officers and employees displaced by the Community Corrections Act, chapter 401,
53.17 and transferred into county service under section 401.04, "allowable service" means the
53.18 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
53.19 section 352.01, subdivision 11.

53.20 (c) For a public employee who has prior service covered by a local police or
53.21 firefighters relief association that has consolidated with the Public Employees Retirement
53.22 Association under chapter 353A or to which section 353.665 applies, and who has elected
53.23 the type of benefit coverage provided by the public employees police and fire fund either
53.24 under section 353A.08 following the consolidation or under section 353.665, subdivision
53.25 4, "~~applicable~~ allowable service" is a period of service credited by the local police or
53.26 firefighters relief association as of the effective date of the consolidation based on law
53.27 and on bylaw provisions governing the relief association on the date of the initiation
53.28 of the consolidation procedure.

53.29 (d) No member may receive more than 12 months of allowable service credit in a
53.30 year either for vesting purposes or for benefit calculation purposes. For an active member
53.31 who was an active member of the former Minneapolis Police Relief Association on the
53.32 day prior to the effective date of consolidation under section 19, "allowable service" is the
53.33 period of service credited by the Minneapolis Police Relief Association as reflected in
53.34 the transferred records of the association up to the effective date of consolidation under
53.35 section 19 and the period of service credited under paragraph (a), clause (1), after the
53.36 effective date of consolidation under section 19.

54.1 (e) MS 2002 [Expired]

54.2 Sec. 3. Minnesota Statutes 2010, section 353.03, is amended by adding a subdivision
54.3 to read:

54.4 Subd. 3b. **Additional duties.** The executive director shall deduct from the annuity
54.5 or benefit periodically the amount of any dues of any fraternal organization continuing or
54.6 established after the effective date of consolidation under section 19 for former members
54.7 of the former Minneapolis Police Relief Association.

54.8 Sec. 4. Minnesota Statutes 2010, section 353.65, subdivision 1, is amended to read:

54.9 Subdivision 1. **Fund established.** (a) The public employees police and fire fund
54.10 is established for police officers and firefighters who meet the eligibility criteria under
54.11 section 353.64.

54.12 (b) Employee contributions other than those made under subdivision 2, paragraph
54.13 (b), employer contributions under subdivision 3 and under section 353.668, subdivision 6,
54.14 other than the excess contribution established by section 69.031, subdivision 5, paragraphs
54.15 (2), clauses (b) and (c), and (3), and other amounts authorized by law, including all
54.16 employee and employer contributions of members transferred, must be deposited in the
54.17 public employees police and fire fund.

54.18 Sec. 5. Minnesota Statutes 2010, section 353.65, subdivision 2, is amended to read:

54.19 Subd. 2. **Employee contribution.** (a) For members other than members who were
54.20 active members of the former Minneapolis Police Relief Association on the day prior to
54.21 the effective date of consolidation under section 19, the employee contribution is 9.4
54.22 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary
54.23 of the member in each calendar year after 2010. ~~This contribution~~

54.24 (b) For members who were active members of the former Minneapolis Police Relief
54.25 Association on the day prior to the effective date of consolidation under section 19, the
54.26 employee contribution is an amount equal to eight percent of the monthly unit value under
54.27 section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for
54.28 each member. The employee contribution made by a member with at least 25 years of
54.29 service credit as an active member of the former Minneapolis Police Relief Association
54.30 must be deposited in the postretirement health care savings account established under
54.31 352.98.

54.32 (c) Contributions under this section must be made by deduction from salary in
54.33 the manner provided in subdivision 4. Where any portion of a member's salary is paid

55.1 from other than public funds, the member's employee contribution is based on the total
55.2 salary received from all sources.

55.3 Sec. 6. Minnesota Statutes 2010, section 353.65, subdivision 3, is amended to read:

55.4 Subd. 3. **Employer contribution.** (a) With respect to members other than members
55.5 who were active members of the former Minneapolis Police Relief Association on the day
55.6 prior to the effective date of consolidation under section 19, the employer contribution is
55.7 14.1 percent of the salary of the member in calendar year 2010 and is 14.4 percent of the
55.8 salary of the member in each calendar year after 2010. ~~This contribution~~

55.9 (b) With respect to members who were active members of the former Minneapolis
55.10 Police Relief Association on the day prior to the effective date of consolidation under
55.11 section 19, the employer contribution is an amount equal to the amount of the member
55.12 contributions under subdivision 2, paragraph (b).

55.13 (c) Contributions under this subdivision must be made from funds available to the
55.14 employing subdivision by the means and in the manner provided in section 353.28.

55.15 Sec. 7. Minnesota Statutes 2010, section 353.651, subdivision 1, is amended to read:

55.16 Subdivision 1. **Age and allowable service requirements.** Upon separation from
55.17 public service, any police officer or firefighter member, other than a police officer covered
55.18 by section 353.6512, who has attained the age of at least 55 years and who is vested
55.19 under section 353.01, subdivision 47, is entitled upon application to a retirement annuity,
55.20 known as the "normal" retirement annuity.

55.21 Sec. 8. **[353.6512] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN**
55.22 **CERTAIN INSTANCES.**

55.23 Subdivision 1. **Applicability.** The alternative benefit coverage under this section
55.24 applies only to an active member of the public employees police and fire retirement plan
55.25 who was an active member of the former Minneapolis Police Relief Association on the
55.26 day prior to the consolidation effective date under section 19 and who retires after the
55.27 consolidation effective date under section 19.

55.28 Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the
55.29 member meets the eligibility requirements of paragraph (b), is only entitled to a retirement
55.30 annuity under this subdivision.

55.31 (b) The member, upon application, if the person is at least age 50 and has credit for
55.32 at least 20 years of allowable service, is entitled to a normal retirement annuity. The

56.1 normal retirement annuity is the following amount based on the service credit of the
56.2 retiring member as a Minneapolis police officer:

56.3	<u>years of service</u>	<u>retirement annuity amount</u>
56.4	<u>20</u>	<u>35 units</u>
56.5	<u>21</u>	<u>36.6 units</u>
56.6	<u>22</u>	<u>38.2 units</u>
56.7	<u>23</u>	<u>39.8 units</u>
56.8	<u>24</u>	<u>41.4 units</u>
56.9	<u>25 or more</u>	<u>43.0 units</u>

56.10 Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member is
56.11 disabled under section 353.01, subdivision 41 or 46, and has not yet attained the age of 50
56.12 years, is entitled to a disability benefit equal to 34 units.

56.13 Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01,
56.14 subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving
56.15 spouse benefit equal to 23 units.

56.16 Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under
56.17 section 353.01, subdivision 15a, of a deceased member described in subdivision 1 is
56.18 entitled to a surviving child benefit equal to eight units.

56.19 Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving
56.20 dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under
56.21 subdivisions 4 and 5 of 41 units.

56.22 Subd. 8. **Postretirement adjustments.** Retirement annuities, service pensions,
56.23 disability benefits, and survivor benefits after December 31, 2015, are eligible for
56.24 postretirement adjustments under section 356.415, subdivision 1c. The unit value for
56.25 the calculation of a retirement annuity first payable after December 31, 2015, is the
56.26 calendar year 2015 unit value, plus any postretirement adjustment percentage amount
56.27 under section 356.415, subdivision 1c, payable after December 31, 2015, and before the
56.28 date of retirement.

56.29 Subd. 9. **Savings clause; dispute resolution.** In the event of any dispute by or on
56.30 behalf of any former member of the consolidating relief association after the effective date
56.31 of consolidation over the amount of a benefit to which the person may be entitled, the
56.32 proper interpretation of a provision of this article, or the conformity of the provisions of
56.33 this article to the provisions of the benefit plan of the consolidating relief association in
56.34 effective immediately before the date of the consolidation, the dispute shall be submitted
56.35 in writing to the Legislative Commission on Pensions and Retirement by the person
56.36 who is a party to the dispute, by the fraternal organization related to the former relief
56.37 association, or by the executive director of the Public Employees Retirement Association.

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57.1 The Legislative Commission on Pensions and Retirement shall review the dispute as
57.2 part of its deliberations on proposed or pending retirement legislation and shall make its
57.3 recommendation on the resolution of the dispute, if any, to the appropriate committees of
57.4 the senate and house of representatives with jurisdiction over public employee pension
57.5 matters in the form of the necessary legislation amending the provisions of this article,
57.6 which proposed legislation must include retroactivity of any increase in a benefit amount
57.7 to the date on which the benefit subject to dispute accrued or would have accrued.

57.8 Sec. 9. Minnesota Statutes 2010, section 353.656, subdivision 1, is amended to read:

57.9 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the
57.10 police and fire plan, other than a police officer covered by section 353.6512, who is
57.11 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
57.12 shall receive disability benefits during the period of such disability in an amount equal to
57.13 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
57.14 additional percentage specified under section 356.315, subdivision 6, of that average
57.15 salary for each year of service in excess of 20 years.

57.16 (b) To be eligible for a benefit under paragraph (a), the member must have:

57.17 (1) not met the requirements for a retirement annuity under section 353.651,
57.18 subdivision 1; or

57.19 (2) met the requirements under that subdivision, but does not have at least 20 years
57.20 of allowable service credit.

57.21 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
57.22 period of 60 months from the disability benefit accrual date and at the end of that period
57.23 is subject to provisions of subdivision 5a.

57.24 (d) If the disability under this subdivision occurs before the member has at least five
57.25 years of allowable service credit in the police and fire plan, the disability benefit must be
57.26 computed on the average salary from which deductions were made for contribution to
57.27 the police and fire fund.

57.28 Sec. 10. Minnesota Statutes 2010, section 353.656, subdivision 1a, is amended to read:

57.29 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
57.30 member of the police and fire plan, other than a police officer covered by section 353.6512,
57.31 whose disabling condition is determined to be a duty disability that is also a permanent
57.32 and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for
57.33 life, disability benefits in an amount equal to 60 percent of the average salary as defined in

58.1 section 353.01, subdivision 17a, plus an additional percent specified in section 356.315,
58.2 subdivision 6, of that average salary for each year of service in excess of 20 years.

58.3 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
58.4 under section 353.33, subdivision 6, but the review may be waived if the executive
58.5 director receives a written statement from the association's medical advisor that no
58.6 improvement can be expected in the member's disabling condition that was the basis for
58.7 payment of the benefit under paragraph (a). A member receiving a disability benefit
58.8 under this subdivision who is found to no longer be permanently and totally disabled as
58.9 defined under section 353.01, subdivision 19, but continues to meet the definition for
58.10 receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision
58.11 1 upon written notice from the association's medical advisor that the person is no longer
58.12 considered permanently and totally disabled.

58.13 (c) If a member approved for disability benefits under this subdivision dies before
58.14 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
58.15 (b), or within 60 months of the effective date of the disability, whichever is later,
58.16 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
58.17 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
58.18 condition for which disability benefits were approved, or section 353.657, subdivision
58.19 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
58.20 for which benefits were approved under this subdivision.

58.21 (d) If the election of an actuarial equivalent optional annuity is not made at the time
58.22 the permanent and total disability benefit accrues, an election must be made within 90
58.23 days before the member attains normal retirement age as defined under section 353.01,
58.24 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
58.25 for 60 months, whichever is later. If a member receiving disability benefits who has
58.26 dependent children dies, subdivision 6a, paragraph (c), applies.

58.27 Sec. 11. Minnesota Statutes 2010, section 353.656, subdivision 3, is amended to read:

58.28 Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan, other
58.29 than a police officer covered by section 353.6512, who qualifies for a regular disability
58.30 benefit as defined in section 353.01, subdivision 46, is entitled to receive a disability
58.31 benefit, after filing a valid application, in an amount equal to 45 percent of the average
58.32 salary as defined in section 353.01, subdivision 17a.

58.33 (b) To be eligible for a benefit under paragraph (a), the member must have at least
58.34 one year of allowable service credit and have:

59.1 (1) not met the requirements for a retirement annuity under section 353.651,
59.2 subdivision 1, or

59.3 (2) met the requirements under that subdivision, but does not have at least 15 years
59.4 of allowable service credit.

59.5 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
59.6 period of 60 months from the disability benefit accrual date and, at the end of that period,
59.7 is subject to provisions of subdivision 5a.

59.8 (d) For a member who is employed as a full-time firefighter by the Department of
59.9 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
59.10 Affairs Department firefighter credited by the Minnesota State Retirement System may be
59.11 used in meeting the minimum allowable service requirement of this subdivision.

59.12 Sec. 12. Minnesota Statutes 2010, section 353.656, subdivision 3a, is amended to read:

59.13 Subd. 3a. **Total and permanent regular disability; computation of benefits.**

59.14 (a) A member of the police and fire plan, other than a police officer covered by section
59.15 353.6512, whose disabling condition is determined to be a regular disability under section
59.16 353.01, subdivision 46, that is also a permanent and total disability as defined in section
59.17 353.01, subdivision 19, is entitled to receive, for life, a disability benefit in an amount
59.18 equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a,
59.19 plus an additional percent specified in section 356.315, subdivision 6, of that average
59.20 salary for each year of service in excess of 15 years.

59.21 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
59.22 under section 353.33, subdivision 6, but the review may be waived if the executive
59.23 director receives a written statement from the association's medical advisor that no
59.24 improvement can be expected in the member's disabling condition that was the basis for
59.25 payment of the benefit under paragraph (a). A member receiving a disability benefit under
59.26 this subdivision who is found to no longer be permanently and totally disabled as defined
59.27 under section 353.01, subdivision 19, but continues to meet the definition for receipt
59.28 of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3
59.29 upon written notice from the association's medical advisor that the person is no longer
59.30 considered permanently and totally disabled.

59.31 (c) A member approved for disability benefits under this subdivision may elect
59.32 to receive a normal disability benefit or an actuarial equivalent optional annuity. If the
59.33 election of an actuarial equivalent optional annuity is not made at the time the total and
59.34 permanent disability benefit accrues, an election must be made within 90 days before
59.35 the member attains normal retirement age as defined in section 353.01, subdivision 37,

60.1 paragraph (b), or having collected disability benefits for 60 months, whichever is later.
60.2 No surviving spouse benefits are payable if the member dies during the period in which
60.3 a normal total and permanent disability benefit is being paid. If a member receiving
60.4 disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

60.5 Sec. 13. Minnesota Statutes 2010, section 353.657, subdivision 1, is amended to read:

60.6 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
60.7 fund, other than a police officer covered by section 353.6512, dies from any cause
60.8 before retirement or before becoming disabled and receiving disability benefits, the
60.9 association shall grant survivor benefits to a surviving spouse, as defined in section
60.10 353.01, subdivision 20, and to a dependent child or children, as defined in section 353.01,
60.11 subdivision 15, except that if the death is not a line of duty death, the member must be
60.12 vested under section 353.01, subdivision 47.

60.13 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
60.14 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
60.15 stipulated under the terms of a marriage dissolution decree filed with the association. If
60.16 there is no surviving spouse or child or children, a former spouse may be entitled to
60.17 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
60.18 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
60.19 of a marriage dissolution decree filed with the association.

60.20 (c) The spouse and child or children are entitled to monthly benefits as provided in
60.21 subdivisions 2 to 4.

60.22 Sec. 14. **[353.668] CONSOLIDATION OF THE MINNEAPOLIS POLICE**
60.23 **RELIEF ASSOCIATION.**

60.24 Subdivision 1. **Membership transfer.** On the effective date of consolidation under
60.25 section 19, the active, inactive, and retired members of the Minneapolis Police Relief
60.26 Association are transferred to the public employees police and fire retirement plan, are no
60.27 longer members of the Minneapolis Police Relief Association, and are members of the
60.28 public employees police and fire retirement plan.

60.29 Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service credit
60.30 and base salary credit of the active members of the Minneapolis Police Relief Association,
60.31 as contained in the records of the Minneapolis Police Relief Association through the
60.32 day before the effective date of consolidation under section 19, are transferred to the
60.33 public employees police and fire retirement plan and is credited as provided in section

61.1 353.01, subdivisions 10b and 16, paragraph (c), on the effective date of consolidation
61.2 under section 19.

61.3 (b) The liability for the payment of retirement annuities, service pensions, and
61.4 retirement benefits of the Minneapolis Police Relief Association retired members, service
61.5 pensioners, disabilitants, and other retirement benefit recipients as specified in the records
61.6 of the Minneapolis Police Relief Association is transferred to the public employees police
61.7 and fire retirement plan on the effective date of consolidation under section 19.

61.8 Subd. 3. **Transfer of records.** On the effective date of the consolidation under
61.9 section 19, the chief administrative officer of the Minneapolis Police Relief Association
61.10 shall transfer all records and documents relating to the special fund of the Minneapolis
61.11 Police Relief Association to the executive director of the Public Employees Retirement
61.12 Association. To the extent possible, original copies of all records and documents must
61.13 be transferred.

61.14 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
61.15 of the consolidation under section 19, the chief administrative officer of the Minneapolis
61.16 Police Relief Association shall transfer the entire assets of the special fund of the
61.17 Minneapolis Police Relief Association other than the health insurance account to the
61.18 public employees police and fire retirement fund at market value. Unless ineligible
61.19 or inappropriate, the transfer must be in the form of investment securities and must
61.20 include any accounts receivable that are determined by the State Board of Investment as
61.21 being capable of being collected. An amount, in cash, must be transferred by the city of
61.22 Minneapolis equal to the market value recognized by the relief association of investment
61.23 securities that are determined by the executive director of the State Board of Investment
61.24 not to be in compliance with the requirements and limitations set forth in sections
61.25 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of
61.26 the established investment objectives of the State Board of Investment or of accounts
61.27 receivable determined by the executive director of the State Board of Investment as being
61.28 incapable of being collected. Legal and beneficial title to assets that are determined
61.29 noncompliant or inappropriate securities or that are uncollectible accounts receivable are
61.30 transferred to the city of Minneapolis on the effective date of consolidation under section
61.31 19. Any accounts payable on the effective date of consolidation under section 19 are an
61.32 obligation of the public employees police and fire retirement fund and reduce the asset
61.33 value for purposes of subdivision 6. The transferred assets must be deposited in the public
61.34 employees police and fire retirement fund. The amount of the health insurance account as
61.35 of the date of the consolidation must remain deposited in the financial institution retained
61.36 by the former Minneapolis Police Relief Association on May 1, 2011, and that financial

62.1 institution must act as the custodian of the account. The financial institution shall perform
62.2 all trustee and fiduciary duties with respect to the account as a condition to the retention of
62.3 the account. The executive director of the Minneapolis Police Relief Association, prior to
62.4 the effective date of consolidation, shall estimate three calendar years of the administrative
62.5 expenses related to the operation of the account and shall prepay those expenses from the
62.6 account to the financial institution prior to the effective date of consolidation. After the
62.7 three-year prepayment period, the beneficiaries of the account are responsible for the
62.8 payment of the administrative expenses related to the operation of the account.

62.9 (b) Upon the transfer of assets to the State Board of Investment under paragraph
62.10 (a), legal title to those transferred assets vests with the State Board of Investment on
62.11 behalf of the public employees police and fire retirement plan, and beneficial title to the
62.12 transferred assets remains with the former membership of the former Minneapolis Police
62.13 Relief Association.

62.14 (c) The public employees police and fire retirement plan and fund is the successor in
62.15 interest to all claims for or against the Minneapolis Police Relief Association. the public
62.16 employees police and fire retirement plan and fund is not liable for any claim against the
62.17 Minneapolis Police Relief Association, its governing board, or its administrative staff
62.18 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon
62.19 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were
62.20 not undertaken in good faith. The public employees police and fire retirement plan may
62.21 assert any applicable defense to any claim in any judicial or administrative proceeding
62.22 that the Minneapolis Police Relief Association, its board, or its administrative staff would
62.23 otherwise have been entitled to assert, and the public employees police and fire retirement
62.24 plan may assert any applicable defense that it has in its capacity as a statewide agency.

62.25 (d) The Public Employees Retirement Association shall indemnify any former
62.26 fiduciary of the Minneapolis Police Relief Association consistent with the provisions of
62.27 section 356A.11. The indemnification may be effected by the purchase by the Public
62.28 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
62.29 officers and directors of the former Minneapolis Police Relief Association. Consistent
62.30 with section 69.80, the relief association may purchase reasonable fiduciary liability tail
62.31 insurance for its officers and directors prior to the effective date of consolidation under
62.32 section 19.

62.33 (e) Office equipment and other physical assets of the special fund of the Minneapolis
62.34 Police Relief Association that are not needed by the Public Employees Retirement
62.35 Association may be sold by the special fund of the Minneapolis Police Relief Association
62.36 to the general fund of the Minneapolis Police Relief Association or to any successor

63.1 fraternal organization of the Minneapolis Police Relief Association at fair market value,
63.2 with the proceeds of that sale deposited in the public employees police and fire retirement
63.3 fund and included in the transferred asset value under subdivision 6.

63.4 Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits
63.5 of or attributable to retired, disabled, deferred, or inactive Minneapolis Police Relief
63.6 Association members who had that status as of the day before the effective date of
63.7 consolidation under section 19 continue after consolidation in the same amount and under
63.8 the same terms as provided in chapter 423B, except that the unit value is governed by
63.9 section 353.01, subdivision 10b, and the postretirement adjustments after December 31,
63.10 2015, must be calculated solely under section 353.6512, subdivision 8.

63.11 Subd. 6. **Additional employer contributions.** (a) As of the effective date of the
63.12 consolidation under section 19, the approved actuary retained by the Public Employees
63.13 Retirement Association shall calculate the present value of future benefits of the former
63.14 Minneapolis Police Relief Association, and, after subtracting the market value of the
63.15 transferred assets of the former Minneapolis Police Relief Association and the present
63.16 value of the employer contribution under section 353.65, subdivision 3, paragraph (b),
63.17 shall calculate the remainder present value of future benefits amount. Annually, following
63.18 the effective date of consolidation under section 19, the city of Minneapolis shall pay an
63.19 amount sufficient to amortize on a level annual dollar basis the remainder present value
63.20 of future benefits amount by December 31, 2031. The amortization payment is payable
63.21 annually on July 15, beginning in the year following the effective date of the consolidation.
63.22 The 2012 payment should be estimated based on the provisions of this legislation. The
63.23 July 2013 payment shall be adjusted based on the final actuarial valuation.

63.24 (b) If the postretirement or preretirement interest rate actuarial assumption applicable
63.25 to the public employees police and fire retirement plan under section 356.215, subdivision
63.26 8, is modified from the rates specified in section 356.215, subdivision 8, the remainder
63.27 present value of future benefits amount calculation under paragraph (a), updated for
63.28 the passage of time, must be revised and the amortization contribution by the city of
63.29 Minneapolis for the balance of the amortization period must be redetermined and certified
63.30 to the city of Minneapolis.

63.31 Subd. 7. **Health and dental insurance program deductions.** The executive
63.32 director shall withhold any health insurance or dental insurance premiums designated
63.33 by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis.
63.34 The Public Employees Retirement Association may charge a necessary and reasonable
63.35 monthly administrative fee to the city of Minneapolis for this function and bill it in
63.36 addition to the employer contribution under section 353.65, subdivision 3, paragraph

64.1 (b). Notwithstanding any provision of chapter 13 to the contrary, the executive director
64.2 shall provide the city of Minneapolis with the current addresses of former members of
64.3 the Minneapolis Police Relief Association.

64.4 Subd. 8. Cooperation with fraternal organization. (a) This subdivision applies
64.5 if the membership of the former Minneapolis Police Relief Association approves the
64.6 continuation of the relief association as a fraternal organization under section 16.

64.7 (b) The executive director shall cooperate with the Minneapolis police fraternal
64.8 association to insure adequate communication with the former members of the former
64.9 Minneapolis Police Relief Association consistent with Public Employees Retirement
64.10 Association policy.

64.11 Sec. 15. Minnesota Statutes 2010, section 423A.02, subdivision 1b, is amended to read:

64.12 Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the
64.13 commissioner of revenue shall allocate the additional amortization state aid transferred
64.14 under section 69.021, subdivision 11, to:

64.15 (1) all police or salaried firefighters relief associations governed by and in full
64.16 compliance with the requirements of section 69.77, that had an unfunded actuarial accrued
64.17 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
64.18 preceding December 31;

64.19 (2) all local police or salaried firefighter consolidation accounts governed by chapter
64.20 353A that are certified by the executive director of the public employees retirement
64.21 association as having for the current fiscal year an additional municipal contribution
64.22 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented
64.23 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
64.24 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
64.25 of the consolidation preceded June 1, 1995; and

64.26 (3) the municipalities that are required to make an additional municipal contribution
64.27 under section 353.665, subdivision 8, or 353.668, subdivision 6, for the duration of the
64.28 required additional contribution.

64.29 (b) The commissioner shall allocate the state aid on the basis of the proportional share
64.30 of the relief association or consolidation account of the total unfunded actuarial accrued
64.31 liability of all recipient relief associations and consolidation accounts as of December 31,
64.32 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

64.33 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
64.34 allocate the state aid, including any state aid in excess of the limitation in subdivision
64.35 4, on the following basis:

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65.1 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
65.2 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
65.3 accordance with paragraph (b) and subject to the limitation in subdivision 4;

65.4 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
65.5 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
65.6 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
65.7 Fire Department Relief Association; and

65.8 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
65.9 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
65.10 December 31 for the Virginia Fire Department Relief Association.

65.11 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
65.12 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
65.13 in the most recent actuarial valuations for the relief associations prepared under sections
65.14 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
65.15 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
65.16 Teachers Retirement Fund Association, and 30 percent as additional funding to support
65.17 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
65.18 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
65.19 in the most recent actuarial valuation for the relief association prepared under sections
65.20 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
65.21 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
65.22 Teachers Retirement Fund Association, and 30 percent as additional funding to support
65.23 minimum fire state aid for volunteer firefighters relief associations. Upon the final
65.24 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
65.25 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
65.26 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
65.27 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
65.28 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
65.29 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
65.30 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
65.31 associated with the police and firefighters pensions, and 40 percent as additional funding to
65.32 support minimum fire state aid for volunteer firefighters relief associations. The allocation
65.33 must be made by the commissioner at the same time and under the same procedures
65.34 as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund
65.35 Association, annually, beginning on July 1, 2005, if the applicable teacher's association
65.36 five-year average time-weighted rate of investment return does not equal or exceed the

66.1 performance of a composite portfolio assumed passively managed (indexed) invested ten
66.2 percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent
66.3 in domestic stock calculated using the formula under section 11A.04, clause (11), the aid
66.4 allocation to that retirement fund under this section ceases until the five-year annual rate
66.5 of investment return equals or exceeds the performance of that composite portfolio.

66.6 (d) The amounts required under this subdivision are the amounts annually
66.7 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
66.8 paragraph (e).

66.9 **Sec. 16. MINNEAPOLIS POLICE RELIEF ASSOCIATION; SPECIAL**
66.10 **ACTUARIAL VALUATION PENDING CONSOLIDATION.**

66.11 (a) On or before August 1, 2011, the approved actuarial consulting firm retained
66.12 by the Public Employees Retirement Association under Minnesota Statutes, section
66.13 356.214, shall prepare an alternative actuarial valuation of the Minneapolis Police Relief
66.14 Association under Minnesota Statutes, section 356.215, and the most recent standards
66.15 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
66.16 as of August 11, 2010, using the applicable actuarial assumptions and the applicable
66.17 amortization target date of the public employee police and fire retirement plan.

66.18 (b) The officers of the Minneapolis Police Relief Association shall supply the
66.19 approved actuary retained by the Public Employees Retirement Association with the
66.20 financial and demographic data necessary to perform the alternative actuarial valuation.

66.21 (c) The alternative actuarial valuation of the Minneapolis Police Relief Association
66.22 must be filed with the mayor of the city of Minneapolis, with the Minneapolis city
66.23 coordinator, with the executive director of the Minneapolis Police Relief Association,
66.24 with the executive director of the Public Employees Retirement Association, with the
66.25 executive director of the Legislative Commission on Pensions and Retirement, and with
66.26 the Legislative Reference Library.

66.27 (d) The expense of preparing the alternative actuarial valuation must be paid by the
66.28 city of Minneapolis within 30 days of its certification to the finance director of the city of
66.29 Minneapolis by the executive director of the Public Employees Retirement Association.

66.30 **Sec. 17. TERMINATION OF THE RELIEF ASSOCIATION.**

66.31 (a) On the effective date of the consolidation under section 19, the special fund of
66.32 the Minneapolis Police Relief Association ceases to exist.

66.33 (b) The Minneapolis Police Relief Association shall provide for the continuation
66.34 of the relief association as a fraternal organization other than as a pension or retirement

67.1 organization and shall approve the changes in its articles of incorporation and bylaws
67.2 necessary to effect that redesignation and reorganization of the organization.

67.3 (c) If the Minneapolis Police Relief Association continues the relief association
67.4 as a fraternal organization under paragraph (b), the transfer of relief association assets
67.5 under Minnesota Statutes, section 353.668, subdivision 4, must not include assets of
67.6 the Minneapolis Police Relief Association general fund, which must be retained by the
67.7 fraternal organization for organization purposes other than for pension or retirement
67.8 benefit payment purposes.

67.9 (d) As of the effective date of the consolidation under section 19, the employment of
67.10 the employees of the Minneapolis Police Relief Association terminates. The employees of
67.11 the Minneapolis Police Relief Association who were employed by the relief association
67.12 before May 1, 2011, have an employment preference with the Public Employees
67.13 Retirement Association equal to that under the veterans preference act.

67.14 (e) If, on the day following approval of this article by the Minneapolis city council,
67.15 the consolidation has been approved by all applicable entities under section 19, the officers
67.16 of the Minneapolis Police Relief Association shall certify to the city of Minneapolis and to
67.17 the Hennepin County auditor the financial requirements of the relief association and the
67.18 minimum municipal obligation under Minnesota Statutes, section 69.77, subdivision 4,
67.19 revised consistent with the actuarial valuation results under Minnesota Statutes, section
67.20 423A.02, subdivision 1b.

67.21 (f) After the effective date of consolidation under section 19, the city of Minneapolis
67.22 shall continue to administer the health and dental insurance programs as constituted on
67.23 May 1, 2011, for the former members of the former Minneapolis Police Relief Association,
67.24 transferring premiums as required.

67.25 **Sec. 18. REPEALER.**

67.26 Minnesota Statutes 2010, sections 423B.01; 423B.03; 423B.04; 423B.05; 423B.06;
67.27 423B.07; 423B.08; 423B.09; 423B.10; 423B.11; 423B.12; 423B.13; 423B.14; 423B.15;
67.28 423B.151; 423B.16; 423B.17; 423B.18; 423B.19; 423B.20; 423B.21; and 423B.23, are
67.29 repealed.

67.30 **Sec. 19. EFFECTIVE DATE; LOCAL APPROVAL.**

67.31 (a) Sections 1 to 16, 17, paragraphs (a) to (d), and 18 are effective December 30,
67.32 2011, if the board of trustees of the Minneapolis Police Relief Association approves
67.33 the article and if a majority of the entire membership of the Minneapolis Police Relief
67.34 Association voting on the question approves the article, if the chief administrative officer

68.1 of the Minneapolis Police Relief Association certifies those approvals to the mayor of the
68.2 city of Minneapolis and the president of the Minneapolis city council before September 15,
68.3 2011, if the board of trustees of the Public Employees Retirement Association approves
68.4 the article, if the executive director of the Public Employees Retirement Association
68.5 certifies that approval to the mayor of the city of Minneapolis and the president of the
68.6 Minneapolis city council, if the governing body of the city of Minneapolis and the chief
68.7 clerical officer of Minneapolis timely complete their compliance with Minnesota Statutes,
68.8 section 645.021, subdivisions 2 and 3, on or before October 15, 2011, or on the date set by
68.9 the board of trustees of the Public Employees Retirement Association, in consultation with
68.10 the mayor of the city of Minneapolis and the executive director of the relief association, at
68.11 the first regular meeting of the Public Employees Retirement Association board of trustees
68.12 occurring after Minneapolis city council approval if the governing body of the city of
68.13 Minneapolis and the chief clerical officer of Minneapolis complete their compliance with
68.14 Minnesota Statutes, section 645.021, subdivisions 2 and 3, after October 15, 2011, and if a
68.15 comparable consolidation relating to the Minneapolis Firefighters Relief Association is
68.16 approved by all applicable entities under article 7.

68.17 (b) If the approvals occur under paragraph (a) in a timely fashion, section 17,
68.18 paragraph (e), is effective on the day following approval by the Minneapolis city council.

68.19 ARTICLE 8

68.20 CONFORMING CHANGES

68.21 Section 1. Minnesota Statutes 2010, section 6.67, is amended to read:

68.22 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

68.23 Whenever a public accountant in the course of auditing the books and affairs of a
68.24 political subdivision or a local public pension plan governed by section 69.77, sections
68.25 69.771 to 69.775, or chapter 354A, ~~423B~~, ~~423C~~, or 424A, discovers evidence pointing
68.26 to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in
68.27 the conduct of duties and affairs, the public accountant shall promptly make a report of
68.28 such discovery to the state auditor and the county attorney of the county in which the
68.29 governmental unit is situated and the public accountant shall also furnish a copy of the
68.30 report of audit upon completion to said officers. The county attorney shall act on such
68.31 report in the same manner as required by law for reports made to the county attorney
68.32 by the state auditor.

68.33 Sec. 2. Minnesota Statutes 2010, section 13D.01, subdivision 1, is amended to read:

69.1 Subdivision 1. **In executive branch, local government.** All meetings, including
69.2 executive sessions, must be open to the public

69.3 (a) of a state

69.4 (1) agency,

69.5 (2) board,

69.6 (3) commission, or

69.7 (4) department,

69.8 when required or permitted by law to transact public business in a meeting;

69.9 (b) of the governing body of a

69.10 (1) school district however organized,

69.11 (2) unorganized territory,

69.12 (3) county,

69.13 (4) statutory or home rule charter city,

69.14 (5) town, or

69.15 (6) other public body;

69.16 (c) of any

69.17 (1) committee,

69.18 (2) subcommittee,

69.19 (3) board,

69.20 (4) department, or

69.21 (5) commission,

69.22 of a public body; and

69.23 (d) of the governing body or a committee of:

69.24 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

69.25 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,

69.26 or chapter 354A ~~or 423B.~~

69.27 Sec. 3. Minnesota Statutes 2010, section 43A.316, subdivision 8, is amended to read:

69.28 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
69.29 participating in the program who is receiving a public pension disability benefit or an
69.30 annuity or has met the age and service requirements necessary to receive an annuity
69.31 under chapter 353, 353C, 354, 354A, 356, or 423, ~~423A, 424~~, or Minnesota Statutes
69.32 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
69.33 the program. This participation is at the person's expense unless a collective bargaining
69.34 agreement or personnel policy provides otherwise. Premiums for these participants must
69.35 be established by the commissioner.

70.1 The commissioner may provide policy exclusions for preexisting conditions
70.2 only when there is a break in coverage between a participant's coverage under the
70.3 employment-based group insurance program and the participant's coverage under this
70.4 section. An employer shall notify an employee of the option to participate under this
70.5 paragraph no later than the effective date of retirement. The retired employee or the
70.6 employer of a participating group on behalf of a current or retired employee shall notify
70.7 the commissioner within 30 days of the effective date of retirement of intent to participate
70.8 in the program according to the rules established by the commissioner.

70.9 (b) The spouse of a deceased employee or former employee may purchase the
70.10 benefits provided at premiums established by the commissioner if the spouse was a
70.11 dependent under the employee's or former employee's coverage under this section at the
70.12 time of the death. The spouse remains eligible to participate in the program as long as
70.13 the group that included the deceased employee or former employee participates in the
70.14 program. Coverage under this clause must be coordinated with relevant insurance benefits
70.15 provided through the federally sponsored Medicare program.

70.16 (c) The program benefits must continue in the event of strike permitted by section
70.17 179A.18, if the exclusive representative chooses to have coverage continue and the
70.18 employee pays the total monthly premiums when due.

70.19 (d) A participant who discontinues coverage may not reenroll.

70.20 Persons participating under these paragraphs shall make appropriate premium
70.21 payments in the time and manner established by the commissioner.

70.22 Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 1a, is amended to read:

70.23 Subd. 1a. **Covered retirement plans.** The provisions of this section apply to the
70.24 following local retirement plans:

70.25 (1) the Bloomington Firefighters Relief Association;

70.26 (2) the Fairmont Police Relief Association; and

70.27 ~~(3) the Minneapolis Firefighters Relief Association;~~

70.28 ~~(4) the Minneapolis Police Relief Association; and~~

70.29 ~~(5)~~ (3) the Virginia Fire Department Relief Association.

70.30 Sec. 5. Minnesota Statutes 2010, section 69.77, subdivision 4, is amended to read:

70.31 Subd. 4. **Relief association financial requirements; minimum municipal**
70.32 **obligation.** (a) The officers of the relief association shall determine the financial
70.33 requirements of the relief association and minimum obligation of the municipality for
70.34 the following calendar year in accordance with the requirements of this subdivision.

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71.1 The financial requirements of the relief association and the minimum obligation of the
71.2 municipality must be determined on or before the submission date established by the
71.3 municipality under subdivision 5.

71.4 (b) The financial requirements of the relief association for the following calendar
71.5 year must be based on the most recent actuarial valuation or survey of the special fund of
71.6 the association if more than one fund is maintained by the association, or of the association,
71.7 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
71.8 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
71.9 by the actuary of the relief association as part of obtaining a modification of the benefit
71.10 plan of the relief association and the modification is implemented, the actuarial estimate
71.11 must be used in calculating the subsequent financial requirements of the relief association.

71.12 (c) If the relief association has an unfunded actuarial accrued liability as reported in
71.13 the most recent actuarial valuation or survey, the total of the amounts calculated under
71.14 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
71.15 the following year. If the relief association does not have an unfunded actuarial accrued
71.16 liability as reported in the most recent actuarial valuation or survey, the amount calculated
71.17 under clauses (1) and (2) constitute the financial requirements of the relief association for
71.18 the following year. The financial requirement elements are:

71.19 (1) the normal level cost requirement for the following year, expressed as a dollar
71.20 amount, which must be determined by applying the normal level cost of the relief
71.21 association as reported in the actuarial valuation or survey and expressed as a percentage
71.22 of covered payroll to the estimated covered payroll of the active membership of the relief
71.23 association, including any projected change in the active membership, for the following
71.24 year;

71.25 (2) for the Bloomington Fire Department Relief Association, the Fairmont Police
71.26 Relief Association, and the Virginia Fire Department Relief Association, to the dollar
71.27 amount of normal cost determined under clause (1) must be added an amount equal to the
71.28 dollar amount of the administrative expenses of the special fund of the association if more
71.29 than one fund is maintained by the association, or of the association if only one fund is
71.30 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
71.31 expenses are those authorized under section 69.80. ~~No amount of administrative expenses~~
71.32 ~~under this clause are to be included in the financial requirements of the Minneapolis~~
71.33 ~~Firefighters Relief Association or the Minneapolis Police Relief Association; and~~

71.34 (3) to the dollar amount of normal cost and expenses determined under clauses
71.35 (1) and (2) must be added an amount equal to the level annual dollar amount which
71.36 is sufficient to amortize the unfunded actuarial accrued liability as determined from

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72.1 the actuarial valuation or survey of the fund, using an interest assumption set at the
72.2 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
72.3 date as specified in paragraph (d).

72.4 ~~(d) The Minneapolis Firefighters Relief Association special fund amortization date~~
72.5 ~~is determined under section 423C.15, subdivisions 3 and 4.~~ The Virginia Fire Department
72.6 Relief Association special fund amortization date is December 31, 2010. The ~~Minneapolis~~
72.7 ~~Police Relief Association special fund and the Fairmont Police Relief Association~~
72.8 special fund amortization date is December 31, 2020. The Bloomington Fire Department
72.9 Relief Association special fund amortization date is determined under section 356.216,
72.10 paragraph (a), clause (2). The amortization date specified in this paragraph supersedes any
72.11 amortization date specified in any applicable special law.

72.12 (e) The minimum obligation of the municipality is an amount equal to the financial
72.13 requirements of the relief association reduced by the estimated amount of member
72.14 contributions from covered salary anticipated for the following calendar year and the
72.15 estimated amounts anticipated for the following calendar year from the applicable state aid
72.16 program established under sections 69.011 to 69.051 receivable by the relief association
72.17 after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2),
72.18 or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried
72.19 firefighters' relief association amortization aid program established under section 423A.02,
72.20 subdivision 1, from the supplementary amortization state-aid program established under
72.21 section 423A.02, subdivision 1a, and from the additional amortization state aid under
72.22 section 423A.02, subdivision 1b.

72.23 Sec. 6. Minnesota Statutes 2010, section 356.215, subdivision 8, is amended to read:

72.24 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
72.25 the applicable following preretirement interest assumption and the applicable following
72.26 postretirement interest assumption:

72.27		preretirement	postretirement
72.28		interest rate	interest rate
72.29	plan	assumption	assumption
72.30	general state employees retirement plan	8.5%	6.0%
72.31	correctional state employees retirement plan	8.5	6.0
72.32	State Patrol retirement plan	8.5	6.0
72.33	legislators retirement plan	8.5	6.0
72.34	elective state officers retirement plan	8.5	6.0
72.35	judges retirement plan	8.5	6.0
72.36	general public employees retirement plan	8.5	6.0
72.37	public employees police and fire retirement plan	8.5	6.0

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73.1	local government correctional service retirement		
73.2	plan	8.5	6.0
73.3	teachers retirement plan	8.5	6.0
73.4	Duluth teachers retirement plan	8.5	8.5
73.5	St. Paul teachers retirement plan	8.5	8.5
73.6	Minneapolis Police Relief Association	6.0	6.0
73.7	Fairmont Police Relief Association	5.0	5.0
73.8	Minneapolis Fire Department Relief Association	6.0	6.0
73.9	Virginia Fire Department Relief Association	5.0	5.0
73.10	Bloomington Fire Department Relief Association	6.0	6.0
73.11	local monthly benefit volunteer firefighters relief		
73.12	associations	5.0	5.0

73.13 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 73.14 single rate future salary increase assumption, the applicable following modified single
 73.15 rate future salary increase assumption, or the applicable following graded rate future
 73.16 salary increase assumption:

73.17 (1) single rate future salary increase assumption

73.18		future salary
73.19	plan	increase assumption
73.20	legislators retirement plan	5.0%
73.21	judges retirement plan	4.0
73.22	Minneapolis Police Relief Association	4.0
73.23	Fairmont Police Relief Association	3.5
73.24	Minneapolis Fire Department Relief	
73.25	Association	4.0
73.26	Virginia Fire Department Relief Association	3.5
73.27	Bloomington Fire Department Relief	
73.28	Association	4.0

73.29 (2) age-related select and ultimate future salary increase assumption or graded rate
 73.30 future salary increase assumption

73.31		future salary
73.32	plan	increase assumption
73.33	general state employees retirement plan	select calculation and
73.34		assumption A
73.35	correctional state employees retirement plan	assumption G
73.36	State Patrol retirement plan	assumption F
73.37	public employees police and fire fund retirement plan	assumption B
73.38	local government correctional service retirement plan	assumption F
73.39	teachers retirement plan	assumption C
73.40	Duluth teachers retirement plan	assumption D
73.41	St. Paul teachers retirement plan	assumption E

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74.1 The select calculation is: during the
74.2 designated select period, a designated
74.3 percentage rate is multiplied by the result
74.4 of the designated integer minus T, where
74.5 T is the number of completed years of
74.6 service, and is added to the applicable
74.7 future salary increase assumption. The
74.8 designated select period is five years and the
74.9 designated integer is five for the general state
74.10 employees retirement plan. The designated
74.11 select period is ten years and the designated
74.12 integer is ten for all other retirement plans
74.13 covered by this clause. The designated
74.14 percentage rate is: (1) 0.2 percent for the
74.15 correctional state employees retirement plan,
74.16 the State Patrol retirement plan, the public
74.17 employees police and fire plan, and the local
74.18 government correctional service plan; (2)
74.19 0.6 percent for the general state employees
74.20 retirement plan; and (3) 0.3 percent for the
74.21 teachers retirement plan, the Duluth Teachers
74.22 Retirement Fund Association, and the St.
74.23 Paul Teachers Retirement Fund Association.
74.24 The select calculation for the Duluth Teachers
74.25 Retirement Fund Association is 8.00 percent
74.26 per year for service years one through seven,
74.27 7.25 percent per year for service years seven
74.28 and eight, and 6.50 percent per year for
74.29 service years eight and nine.

74.30 The ultimate future salary increase assumption is:

74.31	age	A	B	C	D	E	F	G
74.32	16	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
74.33	17	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
74.34	18	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
74.35	19	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
74.36	20	5.75	11.00	5.50	6.90	6.90	7.7500	7.2500
74.37	21	5.75	11.00	5.50	6.90	6.90	7.1454	6.6454

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75.1	22	5.75	10.50	5.50	6.90	6.90	7.0725	6.5725
75.2	23	5.75	10.00	5.50	6.85	6.85	7.0544	6.5544
75.3	24	5.75	9.50	5.50	6.80	6.80	7.0363	6.5363
75.4	25	5.75	9.00	5.50	6.75	6.75	7.0000	6.5000
75.5	26	5.75	8.70	5.50	6.70	6.70	7.0000	6.5000
75.6	27	5.75	8.40	5.50	6.65	6.65	7.0000	6.5000
75.7	28	5.75	8.10	5.50	6.60	6.60	7.0000	6.5000
75.8	29	5.75	7.80	5.50	6.55	6.55	7.0000	6.5000
75.9	30	5.75	7.50	5.50	6.50	6.50	7.0000	6.5000
75.10	31	5.75	7.30	5.50	6.45	6.45	7.0000	6.5000
75.11	32	5.75	7.10	5.50	6.40	6.40	7.0000	6.5000
75.12	33	5.75	6.90	5.50	6.35	6.35	7.0000	6.5000
75.13	34	5.75	6.70	5.50	6.30	6.30	7.0000	6.5000
75.14	35	5.75	6.50	5.50	6.25	6.25	7.0000	6.5000
75.15	36	5.75	6.30	5.50	6.20	6.20	6.9019	6.4019
75.16	37	5.75	6.10	5.50	6.15	6.15	6.8074	6.3074
75.17	38	5.75	5.90	5.40	6.10	6.10	6.7125	6.2125
75.18	39	5.75	5.70	5.30	6.05	6.05	6.6054	6.1054
75.19	40	5.75	5.50	5.20	6.00	6.00	6.5000	6.0000
75.20	41	5.75	5.40	5.10	5.90	5.95	6.3540	5.8540
75.21	42	5.75	5.30	5.00	5.80	5.90	6.2087	5.7087
75.22	43	5.65	5.20	4.90	5.70	5.85	6.0622	5.5622
75.23	44	5.55	5.10	4.80	5.60	5.80	5.9048	5.4078
75.24	45	5.45	5.00	4.70	5.50	5.75	5.7500	5.2500
75.25	46	5.35	4.95	4.60	5.40	5.70	5.6940	5.1940
75.26	47	5.25	4.90	4.50	5.30	5.65	5.6375	5.1375
75.27	48	5.15	4.85	4.50	5.20	5.60	5.5822	5.0822
75.28	49	5.05	4.80	4.50	5.10	5.55	5.5404	5.0404
75.29	50	4.95	4.75	4.50	5.00	5.50	5.5000	5.0000
75.30	51	4.85	4.75	4.50	4.90	5.45	5.4384	4.9384
75.31	52	4.75	4.75	4.50	4.80	5.40	5.3776	4.8776
75.32	53	4.65	4.75	4.50	4.70	5.35	5.3167	4.8167
75.33	54	4.55	4.75	4.50	4.60	5.30	5.2826	4.7826
75.34	55	4.45	4.75	4.50	4.50	5.25	5.2500	4.7500
75.35	56	4.35	4.75	4.50	4.40	5.20	5.2500	4.7500
75.36	57	4.25	4.75	4.50	4.30	5.15	5.2500	4.7500
75.37	58	4.25	4.75	4.60	4.20	5.10	5.2500	4.7500
75.38	59	4.25	4.75	4.70	4.10	5.05	5.2500	4.7500
75.39	60	4.25	4.75	4.80	4.00	5.00	5.2500	4.7500
75.40	61	4.25	4.75	4.90	3.90	5.00	5.2500	4.7500
75.41	62	4.25	4.75	5.00	3.80	5.00	5.2500	4.7500
75.42	63	4.25	4.75	5.10	3.70	5.00	5.2500	4.7500
75.43	64	4.25	4.75	5.20	3.60	5.00	5.2500	4.7500

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76.1	65	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.2	66	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.3	67	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.4	68	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.5	69	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.6	70	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.7	71	4.25		5.20				

76.8 (3) service-related ultimate future salary increase assumption

76.9 general employees retirement plan of the Public
 76.10 service length Employees Retirement Association

76.11	1	12.03%
76.12	2	8.90
76.13	3	7.46
76.14	4	6.58
76.15	5	5.97
76.16	6	5.52
76.17	7	5.16
76.18	8	4.87
76.19	9	4.63
76.20	10	4.42
76.21	11	4.24
76.22	12	4.08
76.23	13	3.94
76.24	14	3.82
76.25	15	3.70
76.26	16	3.60
76.27	17	3.51
76.28	18	3.50
76.29	19	3.50
76.30	20	3.50
76.31	21	3.50
76.32	22	3.50
76.33	23	3.50
76.34	24	3.50
76.35	25	3.50
76.36	26	3.50
76.37	27	3.50
76.38	28	3.50
76.39	29	3.50
76.40	30 or more	3.50

76.41 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 76.42 payroll growth assumption for calculating the amortization requirement for the unfunded

77.1 actuarial accrued liability where the amortization retirement is calculated as a level
77.2 percentage of an increasing payroll:

77.3	77.4	payroll growth
77.5	plan	assumption
77.5	general state employees retirement plan	4.50%
77.6	correctional state employees retirement plan	4.50
77.7	State Patrol retirement plan	4.50
77.8	legislators retirement plan	4.50
77.9	judges retirement plan	4.00
77.10	general employees retirement plan of the Public	
77.11	Employees Retirement Association	4.00
77.12	public employees police and fire retirement plan	4.50
77.13	local government correctional service retirement	
77.14	plan	4.50
77.15	teachers retirement plan	4.50
77.16	Duluth teachers retirement plan	4.50
77.17	St. Paul teachers retirement plan	5.00

77.18 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
77.19 apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

77.25 Sec. 7. Minnesota Statutes 2010, section 356.216, is amended to read:

77.26 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE**
77.27 **AND FIRE FUNDS.**

77.28 ~~(a)~~ The provisions of section 356.215 that govern the contents of actuarial valuations
77.29 must apply to any local police or fire pension fund or relief association required to make
77.30 an actuarial report under this section, except as follows:

77.31 (1) in calculating normal cost and other requirements, if required to be expressed as
77.32 a level percentage of covered payroll, the salaries used in computing covered payroll must
77.33 be the maximum rate of salary on which retirement and survivorship credits and amounts
77.34 of benefits are determined and from which any member contributions are calculated and
77.35 deducted;

77.36 (2) in lieu of the amortization date specified in section 356.215, subdivision 11,
77.37 the appropriate amortization target date specified in section 69.77, subdivision 4, or
77.38 69.773, subdivision 4, clause (c), must be used in calculating any required amortization

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78.1 contribution, except that if the actuarial report for the Bloomington Fire Department Relief
78.2 Association indicates an unfunded actuarial accrued liability, the unfunded obligation is
78.3 to be amortized on a level dollar basis by December 31 of the year occurring 20 years
78.4 later, and if subsequent actuarial valuations for the Bloomington Fire Department Relief
78.5 Association determine a net actuarial experience loss incurred during the year which
78.6 ended as of the day before the most recent actuarial valuation date, any unfunded liability
78.7 due to that loss is to be amortized on a level dollar basis by December 31 of the year
78.8 occurring 20 years later ~~and except that the amortization date for the Minneapolis Police~~
78.9 ~~Relief Association is December 31, 2020;~~

78.10 (3) in addition to the tabulation of active members and annuitants provided for in
78.11 section 356.215, subdivision 13, the member contributions for active members for the
78.12 calendar year and the prospective annual retirement annuities under the benefit plan for
78.13 active members must be reported;

78.14 (4) actuarial valuations required under section 69.773, subdivision 2, must be made
78.15 at least every four years and actuarial valuations required under section 69.77 shall be
78.16 made annually;

78.17 (5) the actuarial balance sheet showing accrued assets valued at market value if the
78.18 actuarial valuation is required to be prepared at least every four years or valued as current
78.19 assets under section 356.215, subdivision 1, paragraph (b) or (f), whichever applies, if the
78.20 actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the
78.21 unfunded actuarial accrued liability must include the following required reserves:

78.22 (i) for active members:

- 78.23 1. retirement benefits;
- 78.24 2. disability benefits;
- 78.25 3. refund liability due to death or withdrawal;
- 78.26 4. survivors' benefits;

78.27 (ii) for deferred annuitants' benefits;

78.28 (iii) for former members without vested rights;

78.29 (iv) for annuitants;

- 78.30 1. retirement annuities;
- 78.31 2. disability annuities;
- 78.32 3. surviving spouses' annuities;
- 78.33 4. surviving children's annuities;

78.34 In addition to those required reserves, separate items must be shown for additional
78.35 benefits, if any, which may not be appropriately included in the reserves listed above; and

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79.1 (6) actuarial valuations are due by the first day of the seventh month after the end of
79.2 the fiscal year which the actuarial valuation covers.

79.3 ~~(b) For the Minneapolis Firefighters Relief Association or the Minneapolis Police~~
79.4 ~~Relief Association, the following provisions additionally apply:~~

79.5 ~~(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability,~~
79.6 ~~and amortization contribution of the relief association, "current assets" means the value of~~
79.7 ~~all assets at cost, including realized capital gains and losses, plus or minus, whichever~~
79.8 ~~applies, the average value of total unrealized capital gains or losses for the most recent~~
79.9 ~~three-year period ending with the end of the plan year immediately preceding the actuarial~~
79.10 ~~valuation report transmission date; and~~

79.11 ~~(2) in calculating the applicable portions of the actuarial valuation, an annual~~
79.12 ~~preretirement interest assumption of six percent, an annual postretirement interest~~
79.13 ~~assumption of six percent, and an annual salary increase assumption of four percent must~~
79.14 ~~be used.~~

79.15 Sec. 8. Minnesota Statutes 2010, section 356.401, subdivision 3, is amended to read:

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

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

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

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

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

79.24 (5) the elective state officers retirement plan, established by chapter 352C;

79.25 (6) the unclassified state employees retirement program, established by chapter
79.26 352D;

79.27 (7) the general employees retirement plan of the Public Employees Retirement
79.28 Association, established by chapter 353, including the MERF division of the Public
79.29 Employees Retirement Association;

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

79.32 (9) the public employees defined contribution plan, established by chapter 353D;

79.33 (10) the local government correctional service retirement plan of the Public
79.34 Employees Retirement Association, established by chapter 353E;

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- 80.1 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
80.2 established by chapter 353G;
- 80.3 (12) the Teachers Retirement Association, established by chapter 354;
- 80.4 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 80.5 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
80.6 354A;
- 80.7 (15) the individual retirement account plan, established by chapter 354B;
- 80.8 (16) the higher education supplemental retirement plan, established by chapter
80.9 354C; and
- 80.10 ~~(17) the Minneapolis Police Relief Association, established by chapter 423B;~~
- 80.11 ~~(18) the Minneapolis Firefighters Relief Association, established by chapter 423C;~~
- 80.12 ~~and~~
- 80.13 ~~(19)~~ (17) the judges retirement fund, established by chapter 490.

80.14 Sec. 9. Minnesota Statutes 2010, section 356.465, subdivision 3, is amended to read:

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

80.17 (1) the general state employees retirement plan of the Minnesota State Retirement
80.18 System established under chapter 352;

80.19 (2) the correctional state employees retirement plan of the Minnesota State
80.20 Retirement System established under chapter 352;

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

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

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

80.24 (6) the general employees retirement plan of the Public Employees Retirement
80.25 Association established under chapter 353, including the MERF division of the Public
80.26 Employees Retirement Association;

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

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

80.30 (9) the Duluth Teachers Retirement Fund Association established under chapter
80.31 354A;

80.32 (10) the St. Paul Teachers Retirement Fund Association established under chapter
80.33 354A; and

80.34 ~~(11) the Minneapolis Firefighters Relief Association established under chapter 423C;~~

80.35 ~~(12) the Minneapolis Police Relief Association established under chapter 423B; and~~

81.1 ~~(13)~~ (11) the local government correctional service retirement plan of the Public
81.2 Employees Retirement Association established under chapter 353E.

81.3 Sec. 10. Minnesota Statutes 2010, section 423A.01, subdivision 3, is amended to read:

81.4 Subd. 3. **Benefit increase for certain relief association members.** Notwithstanding
81.5 any law to the contrary, any member of a local police or salaried firefighters' relief
81.6 association located in a municipality which has not adopted a municipal resolution
81.7 retaining the local relief association pursuant to under subdivision 1, ~~except the city of~~
81.8 ~~Minneapolis~~, shall be entitled to receive, after the effective date for the modification of
81.9 pension coverage for newly employed personnel, a retirement annuity in addition to the
81.10 service pension to which the member may be eligible upon retirement. The additional
81.11 retirement annuity ~~shall be~~ is payable for the life of the retired member. The additional
81.12 retirement annuity ~~shall be~~ is equal to one-half of one percent of the salary upon which the
81.13 service pension is calculated payable on the date of termination of active service per year
81.14 of service credit acquired in excess of 25 years of service credit. The retirement annuity
81.15 under this subdivision ~~shall be~~ is not subject to any postretirement increases granted
81.16 ~~pursuant to~~ under increases in the salary payable to a certain employment category or in
81.17 the salaries payable to active members or be in any other manner escalated or increased
81.18 after retirement.

81.19 Sec. 11. Minnesota Statutes 2010, section 423A.02, subdivision 1, is amended to read:

81.20 Subdivision 1. **Amortization state aid.** (a) A municipality in which is located
81.21 a local police or salaried firefighters' relief association to which the provisions of
81.22 section 69.77, apply, that had an unfunded actuarial accrued liability in the most
81.23 recent relief association actuarial valuation, is entitled, upon application as required
81.24 by the commissioner of revenue, to receive local police and salaried firefighters' relief
81.25 association amortization state aid if the municipality and the appropriate relief association
81.26 both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051,
81.27 subdivisions 1 and 3, and 69.77.

81.28 (b) The total amount of amortization state aid to all entitled municipalities must
81.29 not exceed \$5,055,000.

81.30 (c) Subject to the adjustment for the city of Minneapolis provided in this paragraph,
81.31 the amount of amortization state aid to which a municipality is entitled annually is an
81.32 amount equal to the level annual dollar amount required to amortize, by December 31,
81.33 2010, the unfunded actuarial accrued liability of the special fund of the appropriate
81.34 relief association as reported in the December 31, 1978, actuarial valuation of the

82.1 relief association prepared under sections 356.215 and 356.216, reduced by the dollar
82.2 amount required to pay the interest on the unfunded actuarial accrued liability of the
82.3 special fund of the relief association for calendar year 1981 set at the rate specified in
82.4 Minnesota Statutes 1978, section 356.215, subdivision 8. For the city of Minneapolis, the
82.5 amortization state aid amount thus determined must be reduced by \$747,232 on account
82.6 of the former Minneapolis Police Relief Association and by \$772,768 on account of
82.7 the former Minneapolis Fire Department Relief Association. If the amortization state
82.8 aid amounts determined under this paragraph exceed the amount appropriated for this
82.9 purpose, the amortization state aid for actual allocation must be reduced pro rata.

82.10 (d) Payment of amortization state aid to municipalities must be made directly to
82.11 the municipalities involved in three equal installments on July 15, September 15, and
82.12 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer
82.13 shall transmit the aid amount to the treasurer of the local relief association for immediate
82.14 deposit in the special fund of the relief association.

82.15 (e) The commissioner of revenue shall prescribe and periodically revise the form for
82.16 and content of the application for the amortization state aid.

82.17 (f) The amount required under this section, as provided in subdivision 3a, is
82.18 appropriated annually from the general fund to the commissioner of revenue.

82.19 Sec. 12. Minnesota Statutes 2010, section 609B.455, is amended to read:

82.20 **609B.455 ~~MINNEAPOLIS POLICE-PUBLIC PENSION; HOMICIDE;~~**
82.21 **BENEFIT LOSS.**

82.22 Subdivision 1. **Scope.** The collateral sanctions discussed in this section are codified
82.23 in section 356.406.

82.24 Subd. 2. **Homicide; loss of death benefits.** A person charged with a felony causing
82.25 the death of a public pension plan member has the entitlement to the pension suspended.

82.26 Subd. 3. **Forfeiture of survivor benefits upon felony conviction.** A person who is
82.27 a survivor and convicted of a felony that caused the death of a public pension member
82.28 forfeits the survivor pension benefit.

82.29 Subd. 4. **Benefit recovery.** If pension benefits have already been paid, the chief
82.30 administrative officer of the pension plan must attempt to recover amounts paid.

82.31 Sec. 13. Minnesota Statutes 2010, section 609B.460, is amended to read:

82.32 **609B.460 FORMER MINNEAPOLIS POLICE RELIEF ASSOCIATION**
82.33 **~~PENSION SERVICE PENSIONER; FELONS NOT ENTITLED TO PENSION~~**
82.34 **DURING INCARCERATION.**

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83.1 ~~Under section 423B.09,~~ A person who is a member of the public employees police
83.2 and fire retirement plan, who was a member of the former Minneapolis Police Relief
83.3 Association, and who was convicted of a felony, is not entitled to a pension or an annuity
83.4 from the public employee police and fire retirement plan during the person's period of
83.5 incarceration in a penal institution.

83.6 Sec. 14. **EFFECTIVE DATE.**

83.7 (a) This article is effective with respect to the Minneapolis Firefighters Relief
83.8 Association on the date on which the article relating to the Minneapolis Firefighters Relief
83.9 Association is effective.

83.10 (b) This article is effective with respect to the Minneapolis Police Relief Association
83.11 on the date on which the article relating to the Minneapolis Police Relief Association is
83.12 effective.

APPENDIX
Article locations in S1369-1

ARTICLE 1	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION	Page.Ln 2.2
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ARTICLE 3	ACTUARIAL ASSUMPTION UPDATE	Page.Ln 23.1
ARTICLE 4	VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS	Page.Ln 28.13
ARTICLE 5	SMALL GROUP RETIREMENT PROVISIONS	Page.Ln 29.10
	VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS	
ARTICLE 6	FIREFIGHTERS RELIEF ASSOCIATION	Page.Ln 32.1
	VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS	
ARTICLE 7	POLICE RELIEF ASSOCIATION	Page.Ln 50.23
ARTICLE 8	CONFORMING CHANGES	Page.Ln 68.19