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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 1288

02/15/2017 Authored by O'Driscoll and Murphy, M.,
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System financial solvency
1.3 measures; increasing employee and employer contribution rates; reducing certain
1.4 postretirement adjustment increase rates; modifying the investment return actuarial
1.5 assumption; extending the amortization target date; amending Minnesota Statutes
1.6 2016, sections 3A.03, subdivision 2; 352.01, subdivision 13a; 352.017, subdivision
1.7 2; 352.04, subdivisions 2, 3, 8, 9; 352.23; 352.27; 352.92, subdivisions 1, 2, by
1.8 adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02,
1.9 subdivisions 1a, 1c; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.05,
1.10 subdivision 4; 352D.11, subdivision 2; 352D.12; 356.215, subdivisions 8, 11;
1.11 356.415, subdivisions 1a, 1e, 1f; 490.121, subdivision 4; 490.1211; 490.124,
1.12 subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 356;
1.13 repealing Minnesota Statutes 2016, section 356.415, subdivision 1.

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

1.15 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

1.16 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision
1.17 1 and who is no longer a member of the legislature is entitled to receive, upon written
1.18 application to the executive director on a form prescribed by the executive director, a refund
1.19 from the general fund of all contributions credited to the member's account with interest
1.20 computed as provided in section 352.22, subdivision 2.

1.21 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
1.22 former member of the legislature and the survivors of the former member under this chapter.

1.23 (c) If the former member of the legislature again becomes a member of the legislature
1.24 after having taken a refund as provided in paragraph (a), the member is a member of the
1.25 unclassified employees retirement program of the Minnesota State Retirement System.

2.1 (d) However, the member may reinstate the rights and credit for service previously
 2.2 forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate~~
 2.3 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or
 2.4 rates specified in section 356.59, subdivision 2, compounded annually, from the date on
 2.5 which the refund was taken to the date on which the refund is repaid.

2.6 (e) No person may be required to apply for or to accept a refund.

2.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.8 Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

2.9 Subd. 13a. **Reduced salary during period of workers' compensation.** An employee
 2.10 on leave of absence receiving temporary workers' compensation payments and a reduced
 2.11 salary or no salary from the employer who is entitled to allowable service credit for the
 2.12 period of absence, may make payment to the fund for the difference between salary received,
 2.13 if any, and the salary the employee would normally receive if not on leave of absence during
 2.14 the period. The employee shall pay an amount equal to the employee and employer
 2.15 contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount
 2.16 for the period of the leave of absence.

2.17 The employing department, at its option, may pay the employer amount on behalf of its
 2.18 employees. Payment made under this subdivision must include interest at the ~~rate of 8.5~~
 2.19 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or
 2.20 rates specified in section 356.59, subdivision 2, and must be completed within one year of
 2.21 the return from leave of absence.

2.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.23 Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

2.24 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this
 2.25 chapter may purchase credit for allowable service in that plan for a period specified in
 2.26 subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever
 2.27 applies. The employing unit, at its option, may pay the employer portion of the amount
 2.28 specified in paragraph (b) on behalf of its employees.

2.29 (b) If payment is received by the executive director within one year from the date the
 2.30 employee returned to work following the authorized leave, the payment amount is equal to
 2.31 the employee and employer contribution rates specified in law for the applicable plan at the
 2.32 end of the leave period multiplied by the employee's hourly rate of salary on the date of

3.1 return from the leave of absence and by the days and months of the leave of absence for
 3.2 which the employee is eligible for allowable service credit. The payment must include
 3.3 compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent~~
 3.4 ~~per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision
 3.5 2, from the last day of the leave period until the last day of the month in which payment is
 3.6 received. If payment is received by the executive director after one year, the payment amount
 3.7 is the amount determined under section 356.551. Payment under this paragraph must be
 3.8 made before the date of termination from public employment covered under this chapter.

3.9 (c) If the employee terminates employment covered by this chapter during the leave or
 3.10 following the leave rather than returning to covered employment, payment must be received
 3.11 by the executive director within 30 days after the termination date. The payment amount is
 3.12 equal to the employee and employer contribution rates specified in law for the applicable
 3.13 plan on the day prior to the termination date, multiplied by the employee's hourly rate of
 3.14 salary on that date and by the days and months of the leave of absence prior to termination.

3.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.16 Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

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

3.19	from July 1, 2010, to June 30, 2014	5
3.20	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	5.5
3.21	<u>after June 30, 2017</u>	<u>6</u>

3.22 (b) These contributions must be made by deduction from salary as provided in subdivision
 3.23 4.

3.24 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 3.25 first full pay period after the effective date of the increase.

3.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.27 Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

3.28 Subd. 3. **Employer contributions.** (a) The employer contribution to the fund must be
 3.29 equal to the following percent of salary:

3.30	from July 1, 2010, to June 30, 2014	5
3.31	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	5.5
3.32	<u>from July 1, 2017, to June 30, 2019</u>	<u>7</u>

4.1 after June 30, 2019 8

4.2 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
4.3 first full pay period after the effective date of the increase.

4.4 (c) The employer contribution rate must decrease to be equal to the employee contribution
4.5 rate under subdivision 2 once the market value of the assets of the general state employees
4.6 retirement plan of the Minnesota State Retirement System equals or exceeds the actuarial
4.7 accrued liability of the plan as determined by the actuary retained under section 356.214.
4.8 The reduction is effective on the first day of the first full pay period of the fiscal year
4.9 immediately following the issuance of the actuarial valuation upon which the reduction is
4.10 based.

4.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

4.12 Sec. 6. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

4.13 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a department
4.14 fails to take deductions past due for a period of 60 days or less from an employee's salary
4.15 as provided in this section, those deductions must be taken on later payroll abstracts.

4.16 (b) If a department fails to take deductions past due for a period in excess of 60 days
4.17 from an employee's salary as provided in this section, the department, and not the employee,
4.18 must pay on later payroll abstracts the employee and employer contributions and an amount
4.19 ~~equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount~~
4.20 ~~due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June~~
4.21 ~~30, 2015, and eight percent thereafter compound annual interest~~ at the applicable annual
4.22 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
4.23 the employee and employer contributions should have been deducted to the date payment
4.24 of the total amount due is paid by the department.

4.25 (c) If a department fails to take deductions past due for a period of 60 days or less and
4.26 the employee is no longer in state service so that the required deductions cannot be taken
4.27 from the salary of the employee, the department must nevertheless pay the required employer
4.28 contributions. If any department fails to take deductions past due for a period in excess of
4.29 60 days and the employee is no longer in state service, the omitted contributions must be
4.30 recovered under paragraph (b).

4.31 (d) If an employee from whose salary required deductions were past due for a period of
4.32 60 days or less leaves state service before the payment of the omitted deductions and
4.33 subsequently returns to state service, the unpaid amount is considered the equivalent of a

5.1 refund. The employee accrues no right by reason of the unpaid amount, except that the
 5.2 employee may pay the amount of omitted deductions as provided in section 352.23.

5.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.4 Sec. 7. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

5.5 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the
 5.6 salary of an employee for the retirement fund in excess of required amounts must, upon
 5.7 discovery and verification by the department making the deduction, be refunded to the
 5.8 employee.

5.9 (b) If a deduction for the retirement fund is taken from a salary warrant or check, and
 5.10 the check is canceled or the amount of the warrant or check returned to the funds of the
 5.11 department making the payment, the sum deducted, or the part of it required to adjust the
 5.12 deductions, must be refunded to the department or institution if the department applies for
 5.13 the refund on a form furnished by the director. The department's payments must likewise
 5.14 be refunded to the department.

5.15 (c) If erroneous employee deductions and employer contributions are caused by an error
 5.16 in plan coverage involving the plan and any other plans specified in section 356.99, that
 5.17 section applies. If the employee should have been covered by the plan governed by chapter
 5.18 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
 5.19 in error must be directly transferred to the applicable employee's account in the correct
 5.20 retirement plan, with interest at the ~~rate of 0.71 percent per month until June 30, 2015, and~~
 5.21 ~~0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section
 5.22 356.59, subdivision 2, per month, compounded annually, from the first day of the month
 5.23 following the month in which coverage should have commenced in the correct defined
 5.24 contribution plan until the end of the month in which the transfer occurs.

5.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.26 Sec. 8. Minnesota Statutes 2016, section 352.23, is amended to read:

5.27 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

5.28 (a) When any employee accepts a refund as provided in section 352.22, all existing
 5.29 allowable service credits and all rights and benefits to which the employee was entitled
 5.30 before accepting the refund terminate.

6.1 (b) Terminated service credits and rights must not again be restored until the former
6.2 employee acquires at least six months of allowable service credit after taking the last refund.
6.3 In that event, the employee may repay all refunds previously taken from the retirement fund.

6.4 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
6.5 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
6.6 under law in effect when the payment in lieu of deductions was made; (3) payments made
6.7 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
6.8 allowable service previously credited while receiving temporary workers' compensation as
6.9 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

6.10 (d) Payments under this section for repayment of refunds are to be paid with interest at
6.11 ~~the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual
6.12 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
6.13 the refund was taken until the date the refund is repaid. They may be paid in a lump sum
6.14 or by payroll deduction in the manner provided in section 352.04. Payment may be made
6.15 in a lump sum up to six months after termination from service.

6.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

6.17 Sec. 9. Minnesota Statutes 2016, section 352.27, is amended to read:

6.18 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
6.19 **SERVICE.**

6.20 (a) An employee who is absent from employment by reason of service in the uniformed
6.21 services, as defined in United States Code, title 38, section 4303(13), and who returns to
6.22 state service upon discharge from service in the uniformed service within the time frames
6.23 required in United States Code, title 38, section 4312(e), may obtain service credit for the
6.24 period of the uniformed service as further specified in this section, provided that the employee
6.25 did not separate from uniformed service with a dishonorable or bad conduct discharge or
6.26 under other than honorable conditions.

6.27 (b) The employee may obtain credit by paying into the fund an equivalent employee
6.28 contribution based upon the contribution rate or rates in effect at the time that the uniformed
6.29 service was performed multiplied by the full and fractional years being purchased and
6.30 applied to the annual salary rate. The annual salary rate is the average annual salary during
6.31 the purchase period that the employee would have received if the employee had continued
6.32 to be employed in covered employment rather than to provide uniformed service, or, if the
6.33 determination of that rate is not reasonably certain, the annual salary rate is the employee's

7.1 average salary rate during the 12-month period of covered employment rendered immediately
7.2 preceding the period of the uniformed service.

7.3 (c) The equivalent employer contribution and, if applicable, the equivalent additional
7.4 employer contribution provided in this chapter must be paid by the department employing
7.5 the employee from funds available to the department at the time and in the manner provided
7.6 in this chapter, using the employer and additional employer contribution rate or rates in
7.7 effect at the time that the uniformed service was performed, applied to the same annual
7.8 salary rate or rates used to compute the equivalent employee contribution.

7.9 (d) If the employee equivalent contributions provided in this section are not paid in full,
7.10 the employee's allowable service credit must be prorated by multiplying the full and fractional
7.11 number of years of uniformed service eligible for purchase by the ratio obtained by dividing
7.12 the total employee contribution received by the total employee contribution otherwise
7.13 required under this section.

7.14 (e) To receive service credit under this section, the contributions specified in this section
7.15 must be transmitted to the Minnesota State Retirement System during the period which
7.16 begins with the date on which the individual returns to state service and which has a duration
7.17 of three times the length of the uniformed service period, but not to exceed five years. If
7.18 the determined payment period is less than one year, the contributions required under this
7.19 section to receive service credit may be made within one year of the discharge date.

7.20 (f) The amount of service credit obtainable under this section may not exceed five years
7.21 unless a longer purchase period is required under United States Code, title 38, section 4312.

7.22 (g) The employing unit shall pay interest on all equivalent employee and employer
7.23 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~
7.24 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or
7.25 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each
7.26 fiscal year of the leave or the break in service to the end of the month in which the payment
7.27 is received.

7.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.29 Sec. 10. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

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

7.32 ~~from July 1, 2010, to June 30, 2014~~ 8.6

7.33 from July 1, 2014, ~~and thereafter~~ to June 30, 2017 9.1

8.1 after June 30, 2017 9.6

8.2 (b) These contributions must be made by deduction from salary as provided in section
8.3 352.04, subdivision 4.

8.4 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
8.5 first full pay period after the effective date of the increase.

8.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.7 Sec. 11. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

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

8.10 ~~from July 1, 2010, to June 30, 2014~~ ~~12.1~~

8.11 from July 1, 2014, ~~and thereafter~~ to June 30, 2017 12.85

8.12 after June 30, 2017 14.4

8.13 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
8.14 first full pay period after the effective date of the increase.

8.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.16 Sec. 12. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to
8.17 read:

8.18 Subd. 2a. **Supplemental employer contribution.** Effective July 1, 2017, the employer
8.19 shall pay a supplemental contribution of 4.45 percent of salary for covered correctional
8.20 employees until the market value of the assets of the correctional state employees retirement
8.21 plan of the Minnesota State Retirement System equals or exceeds the actuarial accrued
8.22 liability of the plan as determined by the actuary retained under section 356.214. The
8.23 expiration of the supplemental employer contribution is effective the first day of the first
8.24 full pay period of the fiscal year immediately following the issuance of the actuarial valuation
8.25 upon which the expiration is based.

8.26 **EFFECTIVE DATE.** This section is effective the first day of the first full pay period
8.27 after July 1, 2017.

8.28 Sec. 13. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

8.29 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee
8.30 who is transferred to plan coverage and who elects to transfer past service credit under this
8.31 section must pay an additional member contribution for that prior service period. The

9.1 additional member contribution is the amount computed under paragraph (b), plus the greater
9.2 of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued
9.3 liability attributable to the past service credit transfer.

9.4 (b) The executive director shall compute, for the most recent 12 months of service credit
9.5 eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the
9.6 difference between the employee contribution rate or rates for the general state employees
9.7 retirement plan and the employee contribution rate or rates for the correctional state
9.8 employees retirement plan applied to the eligible employee's salary during that transfer
9.9 period, plus compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and~~
9.10 ~~0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section
9.11 356.59, subdivision 2.

9.12 (c) The executive director shall compute, for any service credit being transferred on
9.13 behalf of the eligible employee and not included under paragraph (b), the difference between
9.14 the employee contribution rate or rates for the general state employees retirement plan and
9.15 the employee contribution rate or rates for the correctional state employees retirement plan
9.16 applied to the eligible employee's salary during that transfer period, plus compound interest
9.17 at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~
9.18 applicable monthly rate or rates specified in section 356.59, subdivision 2.

9.19 (d) The executive director shall compute an amount using the process specified in
9.20 paragraph (b), but based on differences in employer contribution rates between the general
9.21 state employees retirement plan and the correctional state employees retirement plan rather
9.22 than employee contribution rates.

9.23 (e) The executive director shall compute an amount using the process specified in
9.24 paragraph (c), but based on differences in employer contribution rates between the general
9.25 state employees retirement plan and the correctional state employees retirement plan rather
9.26 than employee contribution rates.

9.27 (f) The additional equivalent member contribution under this subdivision must be paid
9.28 in a lump sum. Payment must accompany the election to transfer the prior service credit.
9.29 No transfer election or additional equivalent member contribution payment may be made
9.30 by a person or accepted by the executive director after the one year anniversary date of the
9.31 effective date of the retirement coverage transfer, or the date on which the eligible employee
9.32 terminates state employment, whichever is earlier.

9.33 (g) If an eligible employee elects to transfer past service credit under this section and
9.34 pays the additional equivalent member contribution amount under paragraph (a), the

10.1 applicable department shall pay an additional equivalent employer contribution amount.
 10.2 The additional employer contribution is the amount computed under paragraph (d), plus the
 10.3 greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial
 10.4 accrued liability attributable to the past service credit transfer.

10.5 (h) The unfunded actuarial accrued liability attributable to the past service credit transfer
 10.6 is the present value of the benefit obtained by the transfer of the service credit to the
 10.7 correctional state employees retirement plan reduced by the amount of the asset transfer
 10.8 under subdivision 4, by the amount of the member contribution equivalent payment computed
 10.9 under paragraph (b), and by the amount of the employer contribution equivalent payment
 10.10 computed under paragraph (d).

10.11 (i) The additional equivalent employer contribution under this subdivision must be paid
 10.12 in a lump sum and must be paid within 30 days of the date on which the executive director
 10.13 of the Minnesota State Retirement System certifies to the applicable department that the
 10.14 employee paid the additional equivalent member contribution.

10.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

10.16 Sec. 14. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

10.17 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in this
 10.18 chapter may purchase credit for allowable service in the plan for a period specified in
 10.19 subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever
 10.20 applies. The employing unit, at its option, may pay the employer portion of the amount
 10.21 specified in paragraph (b) on behalf of its employees.

10.22 (b) If payment is received by the executive director within one year from the date the
 10.23 employee returned to work following the authorized leave, the payment amount is equal to
 10.24 the employee and employer contribution rates specified in section 352B.02 at the end of
 10.25 the leave period multiplied by the employee's hourly rate of salary on the date of return
 10.26 from the leave of absence and by the days and months of the leave of absence for which
 10.27 the employee is eligible for allowable service credit. The payment must include compound
 10.28 interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~
 10.29 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from
 10.30 the last day of the leave period until the last day of the month in which payment is received.
 10.31 If payment is received by the executive director after one year from the date the employee
 10.32 returned to work following the authorized leave, the payment amount is the amount
 10.33 determined under section 356.551. Payment under this paragraph must be made before the
 10.34 date of termination from public employment covered under this chapter.

11.1 (c) If the employee terminates employment covered by this chapter during the leave or
 11.2 following the leave rather than returning to covered employment, payment must be received
 11.3 by the executive director within 30 days after the termination date. The payment amount is
 11.4 equal to the employee and employer contribution rates specified in section 352B.02 on the
 11.5 day prior to the termination date, multiplied by the employee's hourly rate of salary on that
 11.6 date and by the days and months of the leave of absence prior to termination.

11.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

11.8 Sec. 15. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

11.9 Subd. 1a. **Member contributions.** (a) The member contribution is the following
 11.10 percentage of the member's salary:

11.11	(1) before the first day of the first pay period beginning	
11.12	after July 1, 2014	12.4 percent
11.13	(2) on or after the first day of the first pay period	
11.14	beginning after <u>from July 1, 2014, to June 30, 2016</u>	13.4 percent
11.15	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
11.16	<u>2017</u>	14.4 percent
11.17	<u>from July 1, 2017, to June 30, 2019</u>	<u>14.9</u>
11.18	<u>after June 30, 2019</u>	<u>15.4</u>

11.19 (b) These contributions must be made by deduction from salary as provided in section
 11.20 352.04, subdivision 4.

11.21 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 11.22 first full pay period after the effective date of the increase.

11.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

11.24 Sec. 16. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

11.25 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In
 11.26 addition to member contributions, department heads shall pay a sum equal to the specified
 11.27 percentage of the salary upon which deductions were made, which constitutes the employer
 11.28 contribution to the fund as follows:

11.29	(1) before the first day of the first pay period beginning	
11.30	after July 1, 2014	18.6 percent
11.31	(2) on or after the first day of the first pay period	
11.32	beginning after <u>from July 1, 2014, to June 30, 2016</u>	20.1 percent
11.33	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
11.34	<u>2017</u>	21.6 percent
11.35	<u>from July 1, 2017, to June 30, 2019</u>	<u>22.35</u>

12.1 after June 30, 2019 23.1

12.2 (b) Department contributions must be paid out of money appropriated to departments
12.3 for this purpose.

12.4 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
12.5 first full pay period after the effective date of the increase.

12.6 (d) Effective July 1, 2017, department heads shall pay a supplemental employer
12.7 contribution equal to seven percent of the salary upon which deductions were made until
12.8 the market value of the assets of the State Patrol retirement plan of the Minnesota State
12.9 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined
12.10 by the actuary retained under section 356.214. The expiration of the supplemental employer
12.11 contribution is effective the first day of the first full pay period of the fiscal year immediately
12.12 following the issuance of the actuarial valuation upon which the expiration is based.

12.13 **EFFECTIVE DATE.** The amendments to paragraphs (a) and (c) are effective July 1,
12.14 2017. The amendments to paragraph (d) are effective the first day of the first full pay period
12.15 after July 1, 2017.

12.16 Sec. 17. Minnesota Statutes 2016, section 352B.085, is amended to read:

12.17 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
12.18 **ABSENCE.**

12.19 A member on leave of absence receiving temporary workers' compensation payments
12.20 and a reduced salary or no salary from the employer who is entitled to allowable service
12.21 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may
12.22 make payment to the fund for the difference between salary received, if any, and the salary
12.23 that the member would normally receive if the member was not on leave of absence during
12.24 the period. The member shall pay an amount equal to the member and employer contribution
12.25 rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for
12.26 the period of the leave of absence. The employing department, at its option, may pay the
12.27 employer amount on behalf of the member. Payment made under this subdivision must
12.28 include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
12.29 applicable annual rate or rates specified in section 356.59, subdivision 2, per year, and must
12.30 be completed within one year of the member's return from the leave of absence.

12.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

13.1 Sec. 18. Minnesota Statutes 2016, section 352B.086, is amended to read:

13.2 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

13.3 (a) A member who is absent from employment by reason of service in the uniformed
13.4 services, as defined in United States Code, title 38, section 4303(13), and who returns to
13.5 state employment in a position covered by the plan upon discharge from service in the
13.6 uniformed services within the time frame required in United States Code, title 38, section
13.7 4312(e), may obtain service credit for the period of the uniformed service, provided that
13.8 the member did not separate from uniformed service with a dishonorable or bad conduct
13.9 discharge or under other than honorable conditions.

13.10 (b) The member may obtain credit by paying into the fund an equivalent member
13.11 contribution based on the member contribution rate or rates in effect at the time that the
13.12 uniformed service was performed multiplied by the full and fractional years being purchased
13.13 and applied to the annual salary rate. The annual salary rate is the average annual salary
13.14 during the purchase period that the member would have received if the member had continued
13.15 to provide employment services to the state rather than to provide uniformed service, or if
13.16 the determination of that rate is not reasonably certain, the annual salary rate is the member's
13.17 average salary rate during the 12-month period of covered employment rendered immediately
13.18 preceding the purchase period.

13.19 (c) The equivalent employer contribution and, if applicable, the equivalent employer
13.20 additional contribution, must be paid by the employing unit, using the employer and employer
13.21 additional contribution rate or rates in effect at the time that the uniformed service was
13.22 performed, applied to the same annual salary rate or rates used to compute the equivalent
13.23 member contribution.

13.24 (d) If the member equivalent contributions provided for in this section are not paid in
13.25 full, the member's allowable service credit must be prorated by multiplying the full and
13.26 fractional number of years of uniformed service eligible for purchase by the ratio obtained
13.27 by dividing the total member contributions received by the total member contributions
13.28 otherwise required under this section.

13.29 (e) To receive allowable service credit under this section, the contributions specified in
13.30 this section must be transmitted to the fund during the period which begins with the date
13.31 on which the individual returns to state employment covered by the plan and which has a
13.32 duration of three times the length of the uniformed service period, but not to exceed five
13.33 years. If the determined payment period is calculated to be less than one year, the

14.1 contributions required under this section to receive service credit must be transmitted to the
14.2 fund within one year from the discharge date.

14.3 (f) The amount of allowable service credit obtainable under this section may not exceed
14.4 five years, unless a longer purchase period is required under United States Code, title 38,
14.5 section 4312.

14.6 (g) The employing unit shall pay interest on all equivalent member and employer
14.7 contribution amounts payable under this section. Interest must be computed at the ~~rate of~~
14.8 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates
14.9 specified in section 356.59, subdivision 2, compounded annually, from the end of each
14.10 fiscal year of the leave or break in service to the end of the month in which payment is
14.11 received.

14.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

14.13 Sec. 19. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

14.14 Subd. 4. **Reentry into state service.** When a former member, who has become separated
14.15 from state service that entitled the member to membership and has received a refund of
14.16 retirement payments, reenters the state service in a position that entitles the member to
14.17 membership, that member shall receive credit for the period of prior allowable state service
14.18 if the member repays into the fund the amount of the refund, plus interest ~~on it at the rate~~
14.19 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate
14.20 or rates specified in section 356.59, subdivision 2, compounded annually, at any time before
14.21 subsequent retirement. Repayment may be made in installments or in a lump sum.

14.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

14.23 Sec. 20. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

14.24 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay
14.25 regular refunds taken under section 352.22, as provided in section 352.23.

14.26 (b) A participant in the unclassified program or an employee covered by the general
14.27 employees retirement plan who has withdrawn the value of the total shares may repay the
14.28 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying
14.29 into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015,~~
14.30 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,
14.31 subdivision 2, compounded annually, from the date that the refund was taken until the date

15.1 that the refund is repaid. If the participant had withdrawn only the employee shares as
 15.2 permitted under prior laws, repayment must be pro rata.

15.3 (c) Except as provided in section 356.441, the repayment of a refund under this section
 15.4 must be made in a lump sum.

15.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

15.6 Sec. 21. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

15.7 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may
 15.8 make the purchase by paying to the state retirement system an amount equal to the current
 15.9 employee contribution rate in effect for the state retirement system applied to the current
 15.10 or final salary rate multiplied by the months and days of prior temporary, intermittent, or
 15.11 contract legislative service. Payment shall be made in one lump sum unless the executive
 15.12 director of the state retirement system agrees to accept payment in installments over a period
 15.13 of not more than three years from the date of the agreement. Installment payments shall be
 15.14 charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
 15.15 applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
 15.16 annually.

15.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

15.18 Sec. 22. Minnesota Statutes 2016, section 352D.12, is amended to read:

15.19 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

15.20 (a) An employee who is a participant in the unclassified program and who has prior
 15.21 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
 15.22 the time limits specified in this section, elect to transfer to the unclassified program prior
 15.23 service contributions to one or more of those plans.

15.24 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
 15.25 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
 15.26 equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015,~~
 15.27 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,
 15.28 subdivision 2, compounded annually, based on fiscal year balances.

15.29 (c) If a participant has taken a refund from a retirement plan listed in this section, the
 15.30 participant may repay the refund to that plan, notwithstanding any restrictions on repayment
 15.31 to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~
 15.32 with interest at the applicable annual rate or rates specified in section 356.59, subdivision

16.1 2, compounded annually, and have the accumulated employee and equal employer
 16.2 contributions transferred to the unclassified program with interest at the rate of 8.5 percent
 16.3 until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year
 16.4 balances. If a person repays a refund and subsequently elects to have the money transferred
 16.5 to the unclassified program, the repayment amount, including interest, is added to the fiscal
 16.6 year balance in the year which the repayment was made.

16.7 (d) A participant electing to transfer prior service contributions credited to a retirement
 16.8 plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this section must
 16.9 complete a written application for the transfer and repay any refund within one year of the
 16.10 commencement of the employee's participation in the unclassified program.

16.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

16.12 Sec. 23. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

16.13 Subd. 8. ~~Interest and salary~~ **Actuarial assumptions.** (a) The actuarial valuation must
 16.14 use the applicable following ~~interest~~ investment return assumption:

16.15 (1) select and ultimate interest rate assumption

16.16		ultimate interest rate
16.17	plan	assumption
16.18	teachers retirement plan	8.5%

16.19 The select preretirement interest rate assumption for the period through June 30, 2017,
 16.20 is eight percent.

16.21 (2) single rate interest rate for all plans other than the teachers retirement plan, the
 16.22 investment return assumption is:

16.23		interest rate
16.24		<u>investment return</u>
16.25	plan	assumption
16.26	general state employees retirement plan	8% <u>7.5%</u>
16.27	correctional state employees retirement plan	8 <u>7.5</u>
16.28	State Patrol retirement plan	8 <u>7.5</u>
16.29	legislators retirement plan, and for the	0
16.30	constitutional officers calculation of total plan	
16.31	liabilities	
16.32	judges retirement plan	8 <u>7.5</u>
16.33	general public employees retirement plan	8
16.34	public employees police and fire retirement plan	8
16.35	local government correctional service retirement	8
16.36	plan	

17.1	St. Paul teachers retirement plan	8
17.2	Bloomington Fire Department Relief Association	6
17.3	local monthly benefit volunteer firefighter relief	5
17.4	associations	
17.5	monthly benefit retirement plans in the statewide	6
17.6	volunteer firefighter retirement plan	

17.7 ~~(b)(1) If funding stability has been attained, The~~ actuarial valuation for each of the
 17.8 covered retirement plans listed in section 356.415, subdivision 2, must use a take into account
 17.9 the postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 17.10 rate or rates applicable to the plan as specified in section 354A.27, subdivision 7; 354A.29,
 17.11 subdivision 9; 7, or 356.415, subdivision 1, whichever applies.

17.12 ~~(2) if funding stability has not been attained, the valuation must use a select postretirement~~
 17.13 ~~adjustment rate actuarial assumption equal to the postretirement adjustment rate specified~~
 17.14 ~~in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a,~~
 17.15 ~~1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary~~
 17.16 ~~estimates that the plan will attain the defined funding stability measure, and thereafter an~~
 17.17 ~~ultimate postretirement adjustment rate actuarial assumption equal to the postretirement~~
 17.18 ~~adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415,~~
 17.19 ~~subdivision 1, for the applicable period or periods beginning when funding stability is~~
 17.20 ~~projected to be attained.~~

17.21 (c) The actuarial valuation must use the applicable following single rate future salary
 17.22 increase assumption, the applicable following modified single rate future salary increase
 17.23 assumption, or the applicable following graded rate future salary increase assumption:

17.24 (1) single rate future salary increase assumption

17.25	plan	future salary increase assumption
17.26	legislators retirement plan	5%
17.27	judges retirement plan	2.75
17.28	Bloomington Fire Department Relief Association	4

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

17.31	plan	future salary increase assumption
17.32	local government correctional service retirement plan	assumption B
17.33	St. Paul teachers retirement plan	assumption A

17.34 For plans other than the St. Paul teachers
 17.35 retirement plan and the local government

18.1 correctional service retirement plan, the select
 18.2 calculation is: during the designated select
 18.3 period, a designated percentage rate is
 18.4 multiplied by the result of the designated
 18.5 integer minus T, where T is the number of
 18.6 completed years of service, and is added to
 18.7 the applicable future salary increase
 18.8 assumption. The designated select period is
 18.9 ten years and the designated integer is ten for
 18.10 the local government correctional service
 18.11 retirement plan and 15 for the St. Paul
 18.12 Teachers Retirement Fund Association. The
 18.13 designated percentage rate is 0.2 percent for
 18.14 the St. Paul Teachers Retirement Fund
 18.15 Association.

18.16 The ultimate future salary increase assumption is:

18.17	age	A	B
18.18	16	5.9%	8.75%
18.19	17	5.9	8.75
18.20	18	5.9	8.75
18.21	19	5.9	8.75
18.22	20	5.9	8.75
18.23	21	5.9	8.5
18.24	22	5.9	8.25
18.25	23	5.85	8
18.26	24	5.8	7.75
18.27	25	5.75	7.5
18.28	26	5.7	7.25
18.29	27	5.65	7
18.30	28	5.6	6.75
18.31	29	5.55	6.5
18.32	30	5.5	6.5
18.33	31	5.45	6.25
18.34	32	5.4	6.25
18.35	33	5.35	6.25
18.36	34	5.3	6

19.1	35	5.25	6
19.2	36	5.2	5.75
19.3	37	5.15	5.75
19.4	38	5.1	5.75
19.5	39	5.05	5.5
19.6	40	5	5.5
19.7	41	4.95	5.5
19.8	42	4.9	5.25
19.9	43	4.85	5
19.10	44	4.8	5
19.11	45	4.75	4.75
19.12	46	4.7	4.75
19.13	47	4.65	4.75
19.14	48	4.6	4.75
19.15	49	4.55	4.75
19.16	50	4.5	4.75
19.17	51	4.45	4.75
19.18	52	4.4	4.75
19.19	53	4.35	4.75
19.20	54	4.3	4.75
19.21	55	4.25	4.5
19.22	56	4.2	4.5
19.23	57	4.15	4.25
19.24	58	4.1	4
19.25	59	4.05	4
19.26	60	4	4
19.27	61	4	4
19.28	62	4	4
19.29	63	4	4
19.30	64	4	4
19.31	65	4	3.75
19.32	66	4	3.75
19.33	67	4	3.75
19.34	68	4	3.75
19.35	69	4	3.75
19.36	70	4	3.75

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

20.1	general state employees retirement plan of the Minnesota					assumption A	
20.2	State Retirement System						
20.3	general employees retirement plan of the Public					assumption B	
20.4	Employees Retirement Association						
20.5	Teachers Retirement Association					assumption C	
20.6	public employees police and fire retirement plan					assumption D	
20.7	State Patrol retirement plan					assumption E	
20.8	correctional state employees retirement plan of the					assumption F	
20.9	Minnesota State Retirement System						
20.10	service						
20.11	length	A	B	C	D	E	F
20.12	1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
20.13	2	7.85	8.65	9	10.75	7.25	5.6
20.14	3	6.65	7.21	8	8.75	6.75	5.45
20.15	4	5.95	6.33	7.5	7.75	6.5	5.3
20.16	5	5.45	5.72	7.25	6.25	6.25	5.15
20.17	6	5.05	5.27	7	5.85	6	5
20.18	7	4.75	4.91	6.85	5.55	5.75	4.85
20.19	8	4.45	4.62	6.7	5.35	5.6	4.7
20.20	9	4.25	4.38	6.55	5.15	5.45	4.55
20.21	10	4.15	4.17	6.4	5.05	5.3	4.4
20.22	11	3.95	3.99	6.25	4.95	5.15	4.3
20.23	12	3.85	3.83	6	4.85	5	4.2
20.24	13	3.75	3.69	5.75	4.75	4.85	4.1
20.25	14	3.55	3.57	5.5	4.65	4.7	4
20.26	15	3.45	3.45	5.25	4.55	4.55	3.9
20.27	16	3.35	3.35	5	4.55	4.4	3.8
20.28	17	3.25	3.26	4.75	4.55	4.25	3.7
20.29	18	3.25	3.25	4.5	4.55	4.1	3.6
20.30	19	3.25	3.25	4.25	4.55	3.95	3.5
20.31	20	3.25	3.25	4	4.55	3.8	3.5
20.32	21	3.25	3.25	3.9	4.45	3.75	3.5
20.33	22	3.25	3.25	3.8	4.35	3.75	3.5
20.34	23	3.25	3.25	3.7	4.25	3.75	3.5
20.35	24	3.25	3.25	3.6	4.25	3.75	3.5
20.36	25	3.25	3.25	3.5	4.25	3.75	3.5
20.37	26	3.25	3.25	3.5	4.25	3.75	3.5
20.38	27	3.25	3.25	3.5	4.25	3.75	3.5
20.39	28	3.25	3.25	3.5	4.25	3.75	3.5

21.1	29	3.25	3.25	3.5	4.25	3.75	3.5
21.2	30 or more	3.25	3.25	3.5	4.25	3.75	3.5

21.3 (d) The actuarial valuation must use the applicable following payroll growth assumption
 21.4 for calculating the amortization requirement for the unfunded actuarial accrued liability
 21.5 where the amortization retirement is calculated as a level percentage of an increasing payroll:

21.6	plan	payroll growth assumption
21.7	general state employees retirement plan of the Minnesota	3.5%
21.8	State Retirement System	
21.9	correctional state employees retirement plan	3.5
21.10	State Patrol retirement plan	3.5
21.11	judges retirement plan	2.75
21.12	general employees retirement plan of the Public	3.5
21.13	Employees Retirement Association	
21.14	public employees police and fire retirement plan	3.5
21.15	local government correctional service retirement plan	3.5
21.16	teachers retirement plan	3.75
21.17	St. Paul teachers retirement plan	4

21.18 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
 21.19 different salary assumption or a different payroll increase assumption:

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

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

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

21.25 **EFFECTIVE DATE.** (a) The amendments to paragraph (a) are effective July 1, 2017.

21.26 (b) The amendments to paragraph (b) are effective January 1, 2018.

21.27 Sec. 24. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

21.28 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
 21.29 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
 21.30 reporting purposes indicating the additional annual contribution sufficient to amortize the
 21.31 unfunded actuarial accrued liability and must contain an exhibit for contribution
 21.32 determination purposes indicating the additional contribution sufficient to amortize the
 21.33 unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph
 21.34 (c), but excluding the legislators retirement plan, the additional contribution must be

22.1 calculated on a level percentage of covered payroll basis by the established date for full
22.2 funding in effect when the valuation is prepared, assuming annual payroll growth at the
22.3 applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement
22.4 plans and for the legislators retirement plan, the additional annual contribution must be
22.5 calculated on a level annual dollar amount basis.

22.6 (b) For any retirement plan other than a retirement plan governed by paragraph (d), (e),
22.7 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for
22.8 calculating the actuarial accrued liability of the fund, a change in the benefit plan governing
22.9 annuities and benefits payable from the fund, a change in the actuarial cost method used in
22.10 calculating the actuarial accrued liability of all or a portion of the fund, or a combination
22.11 of the three, which change or changes by itself or by themselves without inclusion of any
22.12 other items of increase or decrease produce a net increase in the unfunded actuarial accrued
22.13 liability of the fund, the established date for full funding is the first actuarial valuation date
22.14 occurring after June 1, 2020.

22.15 (c) For any retirement plan, if there has been a change in any or all of the actuarial
22.16 assumptions used for calculating the actuarial accrued liability of the fund, a change in the
22.17 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial
22.18 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,
22.19 or a combination of the three, and the change or changes, by itself or by themselves and
22.20 without inclusion of any other items of increase or decrease, produce a net increase in the
22.21 unfunded actuarial accrued liability in the fund, the established date for full funding must
22.22 be determined using the following procedure:

22.23 (i) the unfunded actuarial accrued liability of the fund must be determined in accordance
22.24 with the plan provisions governing annuities and retirement benefits and the actuarial
22.25 assumptions in effect before an applicable change;

22.26 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
22.27 needed to amortize the unfunded actuarial accrued liability amount determined under item
22.28 (i) by the established date for full funding in effect before the change must be calculated
22.29 using the interest assumption specified in subdivision 8 in effect before the change;

22.30 (iii) the unfunded actuarial accrued liability of the fund must be determined in accordance
22.31 with any new plan provisions governing annuities and benefits payable from the fund and
22.32 any new actuarial assumptions and the remaining plan provisions governing annuities and
22.33 benefits payable from the fund and actuarial assumptions in effect before the change;

23.1 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
23.2 needed to amortize the difference between the unfunded actuarial accrued liability amount
23.3 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
23.4 under item (iii) over a period of 30 years from the end of the plan year in which the applicable
23.5 change is effective must be calculated using the applicable interest assumption specified in
23.6 subdivision 8 in effect after any applicable change;

23.7 (v) the level annual dollar or level percentage amortization contribution under item (iv)
23.8 must be added to the level annual dollar amortization contribution or level percentage
23.9 calculated under item (ii);

23.10 (vi) the period in which the unfunded actuarial accrued liability amount determined in
23.11 item (iii) is amortized by the total level annual dollar or level percentage amortization
23.12 contribution computed under item (v) must be calculated using the interest assumption
23.13 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
23.14 integral number of years, but not to exceed 30 years from the end of the plan year in which
23.15 the determination of the established date for full funding using the procedure set forth in
23.16 this clause is made and not to be less than the period of years beginning in the plan year in
23.17 which the determination of the established date for full funding using the procedure set forth
23.18 in this clause is made and ending by the date for full funding in effect before the change;
23.19 and

23.20 (vii) the period determined under item (vi) must be added to the date as of which the
23.21 actuarial valuation was prepared and the date obtained is the new established date for full
23.22 funding.

23.23 (d) For the general employees retirement plan of the Public Employees Retirement
23.24 Association, the established date for full funding is June 30, 2031.

23.25 (e) For the Teachers Retirement Association, the established date for full funding is June
23.26 30, 2037.

23.27 (f) For the correctional state employees retirement plan and the State Patrol retirement
23.28 plan of the Minnesota State Retirement System, the established date for full funding is June
23.29 30, ~~2038~~ 2047.

23.30 (g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~
23.31 2047.

23.32 (h) For the public employees police and fire retirement plan, the established date for full
23.33 funding is June 30, 2038.

24.1 (i) For the St. Paul Teachers Retirement Fund Association, the established date for full
 24.2 funding is June 30, 2042. In addition to other requirements of this chapter, the annual
 24.3 actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency
 24.4 or sufficiency in annual contributions when comparing liabilities to the market value of the
 24.5 assets of the fund as of the close of the most recent fiscal year.

24.6 (j) For the general state employees retirement plan of the Minnesota State Retirement
 24.7 System, the established date for full funding is June 30, ~~2040~~ 2047.

24.8 (k) For the retirement plans for which the annual actuarial valuation indicates an excess
 24.9 of valuation assets over the actuarial accrued liability, the valuation assets in excess of the
 24.10 actuarial accrued liability must be recognized as a reduction in the current contribution
 24.11 requirements by an amount equal to the amortization of the excess expressed as a level
 24.12 percentage of pay over a 30-year period beginning anew with each annual actuarial valuation
 24.13 of the plan.

24.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

24.15 Sec. 25. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

24.16 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System**
 24.17 **plans other than the State Patrol and judges retirement plan plans.** (a) Retirement
 24.18 annuity, disability benefit, or survivor benefit recipients of the legislators retirement plan,
 24.19 including constitutional officers as specified in chapter 3A, the general state employees
 24.20 retirement plan, the correctional state employees retirement plan, and the unclassified state
 24.21 employees retirement program are entitled to a postretirement adjustment annually ~~on~~₂
 24.22 effective as of each January 1, as follows:

24.23 (1) ~~for each successive January 1, if the definition of funding stability under paragraph~~
 24.24 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~
 24.25 ~~plan,~~ a postretirement increase of ~~two~~ 1.5 percent must be applied each year, ~~effective on~~
 24.26 ~~January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has
 24.27 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
 24.28 calendar year immediately before the adjustment; and

24.29 (2) ~~for each successive January 1, if the definition of funding stability under paragraph~~
 24.30 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~
 24.31 ~~plan,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 24.32 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 24.33 year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~

25.1 1.5 percent for each month that the person has been receiving an annuity or benefit must
 25.2 be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

25.3 ~~(b) Increases under this subdivision for the general state employees retirement plan or~~
 25.4 ~~the correctional state employees retirement plan terminate on December 31 of the calendar~~
 25.5 ~~year in which two prior consecutive actuarial valuations prepared by the approved actuary~~
 25.6 ~~under sections 356.214 and 356.215 and the standards for actuarial work promulgated by~~
 25.7 ~~the Legislative Commission on Pensions and Retirement indicate that the market value of~~
 25.8 ~~assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability~~
 25.9 ~~of the retirement plan and increases under subdivision 1 recommence after that date. Increases~~
 25.10 ~~under this subdivision for the legislators retirement plan established under chapter 3A,~~
 25.11 ~~including the constitutional officers specified in that chapter, and for the unclassified state~~
 25.12 ~~employees retirement program, terminate on December 31 of the calendar year in which~~
 25.13 ~~two prior consecutive actuarial valuations prepared by the approved actuary under sections~~
 25.14 ~~356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative~~
 25.15 ~~Commission on Pensions and Retirement indicate that the market value of assets of the~~
 25.16 ~~general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued~~
 25.17 ~~liability of the retirement plan and increases under subdivision 1 recommence after that~~
 25.18 ~~date.~~

25.19 ~~(e) After having met the definition of funding stability under paragraph (b), the increase~~
 25.20 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~
 25.21 ~~for the general state employees retirement plan or the correctional state employees retirement~~
 25.22 ~~plan, is again to be applied in a subsequent year or years if the market value of assets of the~~
 25.23 ~~applicable plan equals or is less than:~~

25.24 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 25.25 ~~actuarial valuations; or~~

25.26 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 25.27 ~~actuarial valuation.~~

25.28 ~~(d) After having met the definition of funding stability under paragraph (b), the increase~~
 25.29 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~
 25.30 ~~for the legislators retirement plan, including the constitutional officers, and for the~~
 25.31 ~~unclassified state employees retirement program, is again to be applied in a subsequent year~~
 25.32 ~~or years if the market value of assets of the general state employees retirement plan equals~~
 25.33 ~~or is less than:~~

26.1 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 26.2 ~~actuarial valuations; or~~

26.3 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 26.4 ~~actuarial valuation.~~

26.5 ~~(e)~~ (b) An increase in annuity or benefit payments under this subdivision must be made
 26.6 automatically unless written notice is filed by the annuitant or benefit recipient with the
 26.7 executive director of the applicable covered retirement plan requesting that the increase not
 26.8 be made.

26.9 **EFFECTIVE DATE.** This section is effective January 1, 2018.

26.10 Sec. 26. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

26.11 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)
 26.12 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
 26.13 retirement plan are entitled to a postretirement adjustment annually ~~on~~ effective as of each
 26.14 January 1 if the definition of funding stability under paragraph (b) has not been met, as
 26.15 follows:

26.16 (1) a postretirement increase of one percent must be applied each year, ~~effective on~~
 26.17 ~~January 1~~, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 26.18 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
 26.19 calendar year immediately before the adjustment; and

26.20 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 26.21 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 26.22 year immediately before the adjustment, an annual postretirement increase of 1/12 of one
 26.23 percent for each month that the person has been receiving an annuity or benefit must be
 26.24 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

26.25 ~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on~~
 26.26 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations for~~
 26.27 ~~the plan prepared by the approved actuary under sections 356.214 and 356.215 and the~~
 26.28 ~~standards for actuarial work promulgated by the Legislative Commission on Pensions and~~
 26.29 ~~Retirement indicates that the market value of assets of the retirement plan equals or exceeds~~
 26.30 ~~85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases~~
 26.31 ~~under paragraph (a) become effective again on the December 31 of the calendar year in~~
 26.32 ~~which the actuarial valuation, or prior consecutive actuarial valuations for the plan prepared~~
 26.33 ~~by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial~~

27.1 ~~work promulgated by the Legislative Commission on Pensions and Retirement indicates~~
 27.2 ~~that the market value of the assets of the retirement plan equals or is less than 80 percent~~
 27.3 ~~of the actuarial accrued liability of the retirement plan for two years, or equals or is less~~
 27.4 ~~than 75 percent of the actuarial accrued liability of the retirement plan for one year and~~
 27.5 ~~increases under paragraph (c) commence after that date.~~

27.6 ~~(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol~~
 27.7 ~~retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:~~

27.8 ~~(1) a postretirement increase of 1.5 percent must be applied each year, effective on~~
 27.9 ~~January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has~~
 27.10 ~~been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the~~
 27.11 ~~calendar year immediately before the adjustment; and~~

27.12 ~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit~~
 27.13 ~~for at least one full month, but less than 12 full months as of the June 30 of the calendar~~
 27.14 ~~year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5~~
 27.15 ~~percent for each month that the person has been receiving an annuity or benefit must be~~
 27.16 ~~applied.~~

27.17 ~~(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on~~
 27.18 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations~~
 27.19 ~~prepared by the approved actuary under sections 356.214 and 356.215 and the standards~~
 27.20 ~~for actuarial work adopted by the Legislative Commission on Pensions and Retirement~~
 27.21 ~~indicates that the market value of assets of the retirement plan equals or exceeds 90 percent~~
 27.22 ~~of the actuarial accrued liability of the retirement plan and increases under subdivision 1~~
 27.23 ~~recommence after that date.~~

27.24 ~~(e) (b) An increase in annuity or benefit payments under this subdivision must be made~~
 27.25 ~~automatically unless written notice is filed by the annuitant or benefit recipient with the~~
 27.26 ~~executive director of the applicable covered retirement plan requesting that the increase not~~
 27.27 ~~be made.~~

27.28 **EFFECTIVE DATE.** This section is effective January 1, 2018.

27.29 Sec. 27. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

27.30 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System**
 27.31 **judges retirement plan.** ~~(a) The increases provided under this subdivision are in lieu of~~
 27.32 ~~increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor~~
 27.33 ~~benefit recipients of the judges retirement plan.~~

28.1 ~~(b)~~ (a) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 28.2 retirement plan are entitled to a postretirement adjustment annually ~~on~~, effective as of each
 28.3 January 1 if the definition of funding stability under paragraph (b) has not been met, as
 28.4 follows:

28.5 (1) a postretirement increase of 1.75 percent must be applied each year, ~~effective on~~
 28.6 ~~January 1~~, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 28.7 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
 28.8 calendar year immediately before the adjustment; and

28.9 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 28.10 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 28.11 year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75
 28.12 percent for each month that the person has been receiving an annuity or benefit must be
 28.13 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

28.14 ~~(e)~~ (b) Increases under ~~this subdivision~~ paragraph (a) terminate on December 31 of the
 28.15 calendar year in which two prior consecutive actuarial valuations prepared by the approved
 28.16 actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated
 28.17 by the Legislative Commission on Pensions and Retirement indicates that the market value
 28.18 of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued
 28.19 liability of the retirement plan; and increases under ~~subdivision 1 or 1a, whichever is~~
 28.20 applicable, paragraph (c) begin ~~on the January 1 next following~~ after that date.

28.21 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 28.22 retirement plan are entitled to a postretirement adjustment annually, effective as of each
 28.23 January 1 if the definition of funding stability under paragraph (d) has not been met, as
 28.24 follows:

28.25 (1) a postretirement increase of two percent must be applied each year to the monthly
 28.26 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
 28.27 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
 28.28 before the adjustment; and

28.29 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 28.30 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 28.31 year immediately before the adjustment, an annual postretirement increase of 1/12 of two
 28.32 percent for each month that the person has been receiving an annuity or benefit must be
 28.33 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

29.1 (d) Increases under paragraph (c) terminate on December 31 of the calendar year in
 29.2 which two prior consecutive actuarial valuations prepared by the approved actuary under
 29.3 section 356.214 and the standards for actuarial work promulgated by the Legislative
 29.4 Commission on Pensions and Retirement indicate that the market value of assets of the
 29.5 judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the
 29.6 retirement plan and increases under paragraph (e) begin after that date.

29.7 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 29.8 retirement plan are entitled to a postretirement adjustment annually, effective as of each
 29.9 January 1, as follows:

29.10 (1) a postretirement increase of 2.5 percent must be applied each year to the monthly
 29.11 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
 29.12 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
 29.13 before the adjustment; and

29.14 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 29.15 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 29.16 year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5
 29.17 percent for each month that the person has been receiving an annuity or benefit must be
 29.18 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

29.19 ~~(d)~~ (f) An increase in annuity or benefit payments under this subdivision must be made
 29.20 automatically unless written notice is filed by the annuitant or benefit recipient with the
 29.21 executive director of the applicable covered retirement plan requesting that the increase not
 29.22 be made.

29.23 **EFFECTIVE DATE.** This section is effective January 1, 2018.

29.24 Sec. 28. **[356.59] INTEREST RATES.**

29.25 Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required
 29.26 with respect to any payment, including refunds, remittances, shortages, contributions, or
 29.27 repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each
 29.28 public retirement plan.

29.29 Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans
 29.30 administered by the Minnesota State Retirement System are as follows:

	<u>Annual</u>	<u>Monthly</u>
29.31 <u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
29.32 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>

30.1 after June 30, 2017 7.5 percent 0.625 percent

30.2 Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement
 30.3 plans administered by the Public Employees Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
30.4 <u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
30.5 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
30.6 <u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

30.7
 30.8 Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan
 30.9 administered by the Teachers Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
30.10 <u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
30.11 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
30.12 <u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

30.13 Subd. 5. **St. Paul Teachers Retirement Fund Association.** The interest rates for the
 30.14 retirement plan administered by the St. Paul Teachers Retirement Fund Association are as
 30.15 follows:

	<u>Annual</u>	<u>Monthly</u>
30.16 <u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
30.17 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
30.18 <u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

30.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

30.20 Sec. 29. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

30.21 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject
 30.22 to the service credit limit in subdivision 22, served as a judge at any time, during which the
 30.23 judge received compensation for that service from the state, municipality, or county,
 30.24 whichever applies, and for which the judge made any required member contribution. It also
 30.25 includes any month served as a referee in probate for all referees in probate who were in
 30.26 office before January 1, 1974.

30.27 (b) "Allowable service" also means a period of authorized leave of absence for which
 30.28 the judge has made a payment in lieu of contributions, not in an amount in excess of the
 30.29 service credit limit under subdivision 22. To obtain the service credit, the judge shall pay
 30.30 an amount equal to the normal cost of the judges retirement plan on the date of return from
 30.31 the leave of absence, as determined in the most recent actuarial report for the plan filed with
 30.32 the Legislative Commission on Pensions and Retirement, multiplied by the judge's average
 30.33 monthly salary rate during the authorized leave of absence and multiplied by the number

31.1 of months of the authorized leave of absence, plus ~~annual compound interest at the rate of~~
31.2 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the applicable annual
31.3 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
31.4 of the termination of the leave to the date on which payment is made. The payment must
31.5 be made within one year of the date on which the authorized leave of absence terminated.
31.6 Service credit for an authorized leave of absence is in addition to a uniformed service leave
31.7 under section 490.1211.

31.8 (c) "Allowable service" does not mean service as a retired judge.

31.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

31.10 Sec. 30. Minnesota Statutes 2016, section 490.1211, is amended to read:

31.11 **490.1211 UNIFORMED SERVICE.**

31.12 (a) A judge who is absent from employment by reason of service in the uniformed
31.13 services, as defined in United States Code, title 38, section 4303(13), and who returns to
31.14 state employment as a judge upon discharge from service in the uniformed service within
31.15 the time frame required in United States Code, title 38, section 4312(e), may obtain service
31.16 credit for the period of the uniformed service, provided that the judge did not separate from
31.17 uniformed service with a dishonorable or bad conduct discharge or under other than honorable
31.18 conditions.

31.19 (b) The judge may obtain credit by paying into the fund equivalent member contribution
31.20 based on the contribution rate or rates in effect at the time that the uniformed service was
31.21 performed multiplied by the full and fractional years being purchased and applied to the
31.22 annual salary rate. The annual salary rate is the average annual salary during the purchase
31.23 period that the judge would have received if the judge had continued to provide employment
31.24 services to the state rather than to provide uniformed service, or if the determination of that
31.25 rate is not reasonably certain, the annual salary rate is the judge's average salary rate during
31.26 the 12-month period of judicial employment rendered immediately preceding the purchase
31.27 period.

31.28 (c) The equivalent employer contribution and, if applicable, the equivalent employer
31.29 additional contribution, must be paid by the employing unit, using the employer and employer
31.30 additional contribution rate or rates in effect at the time that the uniformed service was
31.31 performed, applied to the same annual salary rate or rates used to compute the equivalent
31.32 member contribution.

32.1 (d) If the member equivalent contributions provided for in this section are not paid in
 32.2 full, the judge's allowable service credit must be prorated by multiplying the full and
 32.3 fractional number of years of uniformed service eligible for purchase by the ratio obtained
 32.4 by dividing the total member contributions received by the total member contributions
 32.5 otherwise required under this section.

32.6 (e) To receive allowable service credit under this section, the contributions specified in
 32.7 this section and section 490.121 must be transmitted to the fund during the period which
 32.8 begins with the date on which the individual returns to judicial employment and which has
 32.9 a duration of three times the length of the uniformed service period, but not to exceed five
 32.10 years. If the determined payment period is calculated to be less than one year, the
 32.11 contributions required under this section to receive service credit may be within one year
 32.12 from the discharge date.

32.13 (f) The amount of allowable service credit obtainable under this section and section
 32.14 490.121 may not exceed five years, unless a longer purchase period is required under United
 32.15 States Code, title 38, section 4312.

32.16 (g) The state court administrator shall pay interest on all equivalent member and employer
 32.17 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~
 32.18 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or
 32.19 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each
 32.20 fiscal year of the leave or break in service to the end of the month in which payment is
 32.21 received.

32.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

32.23 Sec. 31. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

32.24 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an
 32.25 amount that is equal to all of the member's employee contributions to the judges' retirement
 32.26 fund plus interest computed under section 352.22, subdivision 2.

32.27 (b) A refund of contributions under paragraph (a) terminates all service credits and all
 32.28 rights and benefits of the judge and the judge's survivors under this chapter.

32.29 (c) A person who becomes a judge again after taking a refund under paragraph (a) may
 32.30 reinstate the previously terminated allowable service credit, rights, and benefits by repaying
 32.31 the total amount of the previously received refund. The refund repayment must include
 32.32 ~~interest on the total amount previously received at the annual rate of 8.5 percent until June~~
 32.33 ~~30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in

33.1 section 356.59, subdivision 2, compounded annually, from the date on which the refund
33.2 was received until the date on which the refund is repaid.

33.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

33.4 Sec. 32. **REPEALER.**

33.5 Minnesota Statutes 2016, section 356.415, subdivision 1, is repealed.

33.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

356.415 POSTRETIREMENT ADJUSTMENTS; STATEWIDE RETIREMENT PLANS.

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied.

(b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.