

A bill for an act

1.1 relating to retirement; various retirement plans; making various statutory changes
1.2 needed to accommodate the dissolution of the Minnesota Post Retirement
1.3 Investment Fund; redefining the value of pension plan assets for actuarial
1.4 reporting purposes; revising various disability benefit provisions of the general
1.5 state employees retirement plan, the correctional state employees retirement
1.6 plan, and the State Patrol retirement plan; making various administrative
1.7 provision changes; establishing a voluntary statewide lump-sum volunteer
1.8 firefighter retirement plan administered by the Public Employees Retirement
1.9 Association; revising various volunteer firefighters' relief association provisions;
1.10 correcting 2008 drafting errors related to the Minneapolis Employees Retirement
1.11 Fund and other drafting errors; granting special retirement benefit authority
1.12 in certain cases; revising the special transportation pilots retirement plan of
1.13 the Minnesota State Retirement System; expanding the membership of the
1.14 state correctional employees retirement plan; extending the amortization target
1.15 date for the Fairmont Police Relief Association; modifying the number of
1.16 board of trustees members of the Minneapolis Firefighters Relief Association;
1.17 increasing state education aid to offset teacher retirement plan employer
1.18 contribution increases; increasing teacher retirement plan member and employer
1.19 contributions; revising the normal retirement age and providing prospective
1.20 benefit accrual rate increases for teacher retirement plans; permitting the Brimson
1.21 Volunteer Firefighters' Relief Association to implement a different board of
1.22 trustees composition; permitting employees of the Minneapolis Firefighters
1.23 Relief Association and the Minneapolis Police Relief Association to become
1.24 members of the general employee retirement plan of the Public Employees
1.25 Retirement Association; creating a two-year demonstration postretirement
1.26 adjustment mechanism for the St. Paul Teachers Retirement Fund Association;
1.27 creating a temporary postretirement option program for employees covered
1.28 by the general employee retirement plan of the Public Employees Retirement
1.29 Association; setting a statute of limitations for erroneous receipts of the general
1.30 employee retirement plan of the Public Employees Retirement Association;
1.31 permitting the Minnesota State Colleges and Universities System board to
1.32 create an early separation incentive program; permitting certain Minnesota
1.33 State Colleges and Universities System faculty members to make a second
1.34 chance retirement coverage election upon achieving tenure; including the Weiner
1.35 Memorial Medical Center, Inc., in the Public Employees Retirement Association
1.36 privatization law; extending the approval deadline date for the inclusion of the
1.37 Clearwater County Hospital in the Public Employees Retirement Association
1.38 privatization law; appropriating money; amending Minnesota Statutes 2008,
1.39

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2.1 sections 3A.02, subdivision 3, by adding a subdivision; 3A.03, by adding a
2.2 subdivision; 3A.04, by adding a subdivision; 3A.115; 11A.08, subdivision 1;
2.3 11A.17, subdivisions 1, 2; 11A.23, subdivisions 1, 2; 43A.34, subdivision 4;
2.4 43A.346, subdivisions 2, 6; 69.011, subdivisions 1, 2, 4; 69.021, subdivisions 7,
2.5 9; 69.031, subdivisions 1, 5; 69.77, subdivision 4; 69.771, subdivision 3; 69.772,
2.6 subdivisions 4, 6; 69.773, subdivision 6; 127A.50, subdivision 1; 299A.465,
2.7 subdivision 1; 352.01, subdivision 2b, by adding subdivisions; 352.021, by
2.8 adding a subdivision; 352.04, subdivisions 1, 12; 352.061; 352.113, subdivision
2.9 4, by adding a subdivision; 352.115, by adding a subdivision; 352.12, by adding
2.10 a subdivision; 352.75, subdivisions 3, 4; 352.86, subdivisions 1, 1a, 2; 352.91,
2.11 subdivision 3d; 352.911, subdivisions 3, 5; 352.93, by adding a subdivision;
2.12 352.931, by adding a subdivision; 352.95, subdivisions 1, 2, 3, 4, 5, by adding
2.13 a subdivision; 352B.02, subdivisions 1, 1a, 1c, 1d; 352B.08, by adding a
2.14 subdivision; 352B.10, subdivisions 1, 2, 5, by adding subdivisions; 352B.11,
2.15 subdivision 2, by adding a subdivision; 352C.10; 352D.06, subdivision 1;
2.16 352D.065, by adding a subdivision; 352D.075, by adding a subdivision; 353.01,
2.17 subdivisions 2, 2a, 6, 11b, 16, 16b; 353.0161, subdivision 1; 353.03, subdivision
2.18 3a; 353.06; 353.27, subdivisions 1, 2, 3, 7, 7b; 353.29, by adding a subdivision;
2.19 353.31, subdivision 1b, by adding a subdivision; 353.33, subdivisions 1, 3b, 7,
2.20 11, 12, by adding subdivisions; 353.65, subdivisions 2, 3; 353.651, by adding
2.21 a subdivision; 353.656, subdivision 5a, by adding a subdivision; 353.657,
2.22 subdivision 3a, by adding a subdivision; 353.665, subdivision 3; 353A.02,
2.23 subdivisions 14, 23; 353A.05, subdivisions 1, 2; 353A.08, subdivisions 1, 3, 6a;
2.24 353A.081, subdivision 2; 353A.09, subdivision 1; 353A.10, subdivisions 2,
2.25 3; 353E.01, subdivisions 3, 5; 353E.04, by adding a subdivision; 353E.06, by
2.26 adding a subdivision; 353E.07, by adding a subdivision; 353F.02, subdivision 4;
2.27 354.05, subdivision 38, by adding a subdivision; 354.07, subdivision 4; 354.33,
2.28 subdivision 5; 354.35, by adding a subdivision; 354.42, subdivisions 1a, 2, 3,
2.29 by adding subdivisions; 354.44, subdivisions 4, 5, 6, by adding a subdivision;
2.30 354.46, by adding a subdivision; 354.47, subdivision 1; 354.48, subdivisions
2.31 4, 6, by adding a subdivision; 354.49, subdivision 2; 354.52, subdivisions 2a,
2.32 4b; 354.55, subdivisions 11, 13; 354.66, subdivision 6; 354.70, subdivisions
2.33 5, 6; 354A.011, subdivision 15a; 354A.096; 354A.12, subdivisions 1, 2a, by
2.34 adding subdivisions; 354A.29, subdivision 3; 354A.31, subdivisions 4, 4a, 7;
2.35 354A.36, subdivision 6; 354B.21, subdivision 2; 356.20, subdivision 2; 356.215,
2.36 subdivisions 1, 11; 356.219, subdivision 3; 356.315, by adding a subdivision;
2.37 356.32, subdivision 2; 356.351, subdivision 2; 356.401, subdivisions 2, 3;
2.38 356.465, subdivision 1, by adding a subdivision; 356.611, subdivisions 3, 4;
2.39 356.635, subdivisions 6, 7; 356.96, subdivisions 1, 5; 422A.06, subdivision 8;
2.40 422A.08, subdivision 5; 423C.03, subdivision 1; 424A.001, subdivisions 1, 1a,
2.41 2, 3, 4, 5, 6, 8, 9, 10, by adding subdivisions; 424A.01; 424A.02, subdivisions
2.42 1, 2, 3, 3a, 7, 8, 9, 9a, 9b, 10, 12, 13; 424A.021; 424A.03; 424A.04; 424A.05,
2.43 subdivisions 1, 2, 3, 4; 424A.06; 424A.07; 424A.08; 424A.10, subdivisions 1,
2.44 2, 3, 4, 5; 424B.10, subdivision 2, by adding subdivisions; 424B.21; 490.123,
2.45 subdivisions 1, 3; 490.124, by adding a subdivision; Laws 1989, chapter 319,
2.46 article 11, section 13; Laws 2006, chapter 271, article 5, section 5, as amended;
2.47 Laws 2008, chapter 349, article 14, section 13; proposing coding for new law
2.48 in Minnesota Statutes, chapters 136F; 352B; 353; 354; 356; 420; 424A; 424B;
2.49 proposing coding for new law as Minnesota Statutes, chapter 353G; repealing
2.50 Minnesota Statutes 2008, sections 11A.041; 11A.18; 11A.181; 352.119,
2.51 subdivisions 2, 3, 4; 352.86, subdivision 3; 352B.01, subdivisions 1, 2, 3, 3b,
2.52 4, 6, 7, 9, 10, 11; 352B.26, subdivisions 1, 3; 353.271; 353A.02, subdivision
2.53 20; 353A.09, subdivisions 2, 3; 354.05, subdivision 26; 354.06, subdivision
2.54 6; 354.55, subdivision 14; 354.63; 354A.29, subdivisions 2, 4, 5; 356.2165;
2.55 356.41; 356.431, subdivision 2; 422A.01, subdivision 13; 422A.06, subdivision
2.56 4; 422A.08, subdivision 5a; 424A.001, subdivision 7; 424A.02, subdivisions 4,
2.57 6, 8a, 8b, 9b; 424A.09; 424B.10, subdivision 1; 490.123, subdivisions 1c, 1e.

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

3.2 **ARTICLE 1**

3.3 **MINNESOTA POST RETIREMENT**

3.4 **INVESTMENT FUND DISSOLUTION ACCOMMODATION**

3.5 Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 3, is amended to read:

3.6 Subd. 3. **Appropriation.** The amounts required for payment of retirement
3.7 allowances provided by this section are appropriated annually to the director from the
3.8 ~~participation of the legislators retirement plan in the Minnesota postretirement investment~~
3.9 fund or from the general fund as provided in section 3A.115. The retirement allowance
3.10 ~~must be paid~~ is payable monthly to the recipients entitled to those retirement allowances.

3.11 Sec. 2. Minnesota Statutes 2008, section 3A.02, is amended by adding a subdivision to
3.12 read:

3.13 Subd. 6. **Postretirement adjustment eligibility.** A retirement allowance under this
3.14 section is eligible for postretirement adjustments under section 356.415.

3.15 Sec. 3. Minnesota Statutes 2008, section 3A.03, is amended by adding a subdivision to
3.16 read:

3.17 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
3.18 retirement fund, is created within the state treasury and must be credited with assets equal
3.19 to the participation of the legislators retirement plan in the Minnesota postretirement
3.20 investment fund as of June 30, 2009, and any investment proceeds on those assets.

3.21 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated
3.22 from the legislators retirement fund.

3.23 Sec. 4. Minnesota Statutes 2008, section 3A.04, is amended by adding a subdivision to
3.24 read:

3.25 Subd. 2a. **Postretirement adjustment eligibility.** A survivor benefit under this
3.26 section is eligible for postretirement adjustments under section 356.415.

3.27 Sec. 5. Minnesota Statutes 2008, section 3A.115, is amended to read:

3.28 **3A.115 RETIREMENT ALLOWANCE APPROPRIATION;**
3.29 **POSTRETIREMENT ADJUSTMENT.**

4.1 (a) The amount necessary to fund the retirement allowance granted under this
4.2 chapter to a former legislator ~~upon retirement~~ retiring after June 30, 2003, is appropriated
4.3 from the general fund to the director to pay pension obligations due to the retiree.

4.4 (b) The amount necessary to fund the retirement allowance granted under this
4.5 chapter to a former legislator retiring before July 1, 2003, must be paid from the legislators
4.6 retirement fund created under section 3A.03, subdivision 3, until the assets of the fund
4.7 are exhausted and at that time, the amount necessary to fund the retirement allowances
4.8 under this paragraph is appropriated from the general fund to the director to pay pension
4.9 obligations to the retiree.

4.10 (c) Retirement allowances payable to retired legislators and their survivors under
4.11 this chapter must be adjusted ~~in the same manner, at the same times, and in the same~~
4.12 ~~amounts as are benefits payable from the Minnesota postretirement investment fund to~~
4.13 ~~retirees of a participating public pension fund~~ as provided in sections 3A.02, subdivision
4.14 6, and 356.415.

4.15 Sec. 6. Minnesota Statutes 2008, section 11A.08, subdivision 1, is amended to read:

4.16 Subdivision 1. **Membership.** There is created an Investment Advisory Council
4.17 consisting of 17 members. Ten of these members ~~shall~~ must be experienced in general
4.18 investment matters. ~~They shall be appointed by the state board~~ The state board must
4.19 appoint the ten members. The other seven members ~~shall be~~ are: the commissioner of
4.20 finance; the executive director of the Minnesota State Retirement System; the executive
4.21 director of the Public Employees Retirement Association; the executive director of
4.22 the Teachers Retirement Association; a retiree currently receiving benefits from ~~the~~
4.23 ~~postretirement investment fund~~ a statewide retirement plan; and two public employees
4.24 who are active members of funds whose assets are invested by the state board. The
4.25 governor must appoint the retiree and the public employees ~~shall be appointed by the~~
4.26 ~~governor~~ for four-year terms.

4.27 Sec. 7. Minnesota Statutes 2008, section 11A.23, subdivision 1, is amended to read:

4.28 Subdivision 1. **Certification of assets not needed for immediate use.** Each
4.29 executive director administering a retirement fund or plan enumerated in subdivision 4
4.30 shall, from time to time, certify to the state board for investment those portions of the
4.31 assets of the retirement fund or plan which in the judgment of the executive director are
4.32 not required for immediate use. ~~Assets of the fund or plan required for participation in~~
4.33 ~~the Minnesota postretirement adjustment fund, the combined investment fund, or the~~

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5.1 ~~supplemental investment fund shall be transferred to those funds as provided by sections~~
5.2 ~~11A.01 to 11A.25.~~

5.3 Sec. 8. Minnesota Statutes 2008, section 11A.23, subdivision 2, is amended to read:

5.4 Subd. 2. **Investment.** Retirement fund assets certified to the state board pursuant to
5.5 subdivision 1 ~~shall~~ must be invested by the state board subject to the provisions of section
5.6 11A.24. Retirement fund assets transferred to ~~the Minnesota postretirement investment~~
5.7 ~~fund,~~ the combined investment fund or the supplemental investment fund ~~shall~~ must be
5.8 invested by the state board as part of those funds.

5.9 Sec. 9. Minnesota Statutes 2008, section 352.021, is amended by adding a subdivision
5.10 to read:

5.11 Subd. 5. **Determining applicable law.** An annuity under this chapter must be
5.12 computed under the law in effect as of the last day for which the employee receives pay,
5.13 or if on medical leave, the day that the leave terminates. However, if the employee has
5.14 returned to covered employment following a termination, the employee must have earned
5.15 at least six months of allowable service following their return in order to qualify for
5.16 improved benefits resulting from any law change enacted subsequent to that termination.

5.17 Sec. 10. Minnesota Statutes 2008, section 352.04, subdivision 1, is amended to read:

5.18 Subdivision 1. **Fund created.** ~~(a)~~ There is created a special fund to be known as the
5.19 general state employees retirement fund. In that fund, employee contributions, employer
5.20 contributions, and other amounts authorized by law must be deposited.

5.21 ~~(b) The general state employees retirement plan of the Minnesota State Retirement~~
5.22 ~~System must participate in the Minnesota postretirement investment fund. The amounts~~
5.23 ~~provided in section 352.119 must be deposited in the Minnesota postretirement investment~~
5.24 ~~fund.~~

5.25 Sec. 11. Minnesota Statutes 2008, section 352.04, subdivision 12, is amended to read:

5.26 Subd. 12. **Fund disbursement restricted.** The general state employees retirement
5.27 fund ~~and the participation in the Minnesota postretirement investment fund~~ must be
5.28 disbursed only for the purposes provided by law. The expenses of the system and any
5.29 benefits provided by law, ~~other than benefits payable from the Minnesota postretirement~~
5.30 ~~investment fund,~~ must be paid from the general state employees retirement fund. The
5.31 retirement allowances, retirement annuities, and disability benefits, as well as refunds of
5.32 any sum remaining to the credit of a deceased retired employee or a disabled employee

6.1 must be paid ~~only~~ from the general state employees retirement fund ~~after the needs~~
6.2 ~~have been certified and the amounts withdrawn from the participation in the Minnesota~~
6.3 ~~postretirement investment fund under section 11A.18.~~ The amounts necessary to make the
6.4 payments from the general state employees retirement fund ~~and the participation in the~~
6.5 ~~Minnesota postretirement investment fund~~ are annually appropriated from ~~these funds~~
6.6 that fund for those purposes.

6.7 Sec. 12. Minnesota Statutes 2008, section 352.061, is amended to read:

6.8 **352.061 INVESTMENT BOARD TO INVEST FUNDS.**

6.9 The director shall, from time to time, certify to the State Board of Investment any
6.10 portions of the state employees retirement fund that in the judgment of the director are
6.11 not required for immediate use. ~~Assets from the state employees retirement fund must~~
6.12 ~~be transferred to the Minnesota postretirement investment fund as provided in section~~
6.13 ~~11A.18.~~ The State Board of Investment shall invest and reinvest sums so ~~transferred, or~~
6.14 ~~certified,~~ in securities that are duly authorized legal investments under section 11A.24.

6.15 Sec. 13. Minnesota Statutes 2008, section 352.113, is amended by adding a subdivision
6.16 to read:

6.17 Subd. 13. **Postretirement adjustment eligibility.** A disability benefit under this
6.18 section is eligible for postretirement adjustments under section 356.415.

6.19 Sec. 14. Minnesota Statutes 2008, section 352.115, is amended by adding a subdivision
6.20 to read:

6.21 Subd. 14. **Postretirement adjustment eligibility.** A retirement annuity under
6.22 this section and section 352.116 is eligible for postretirement adjustments under section
6.23 356.415.

6.24 Sec. 15. Minnesota Statutes 2008, section 352.12, is amended by adding a subdivision
6.25 to read:

6.26 Subd. 2c. **Postretirement adjustment eligibility.** A survivor benefit under
6.27 subdivision 2, 2a, or 2b is eligible for postretirement adjustments under section 356.415.

6.28 Sec. 16. Minnesota Statutes 2008, section 352.75, subdivision 3, is amended to read:

6.29 Subd. 3. **Existing retired members and benefit recipients.** As of July 1, 1978,
6.30 the liability for all retirement annuities, disability benefits, survivorship annuities, and
6.31 survivor of deceased active employee benefits paid or payable by the former Metropolitan

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7.1 Transit Commission-Transit Operating Division employees retirement fund is transferred
7.2 to the Minnesota State Retirement System, and is no longer the liability of the former
7.3 Metropolitan Transit Commission-Transit Operating Division employees retirement
7.4 fund. ~~The required reserves for retirement annuities, disability benefits, and optional~~
7.5 ~~joint and survivor annuities in effect on June 30, 1978, and the required reserves for the~~
7.6 ~~increase in annuities and benefits provided under subdivision 6 must be determined using~~
7.7 ~~a five percent interest assumption and the applicable Minnesota State Retirement System~~
7.8 ~~mortality table and shall be transferred by the Minnesota State Retirement System to~~
7.9 ~~the Minnesota postretirement investment fund on July 1, 1978, but shall be considered~~
7.10 ~~transferred as of June 30, 1978. The annuity or benefit amount in effect on July 1, 1978,~~
7.11 ~~including the increase granted under subdivision 6, must be used for adjustments made~~
7.12 ~~under section 11A.18.~~ For persons receiving benefits as survivors of deceased former
7.13 retirement annuitants, the benefits must be considered as having commenced on the date
7.14 on which the retirement annuitant began receiving the retirement annuity.

7.15 Sec. 17. Minnesota Statutes 2008, section 352.75, subdivision 4, is amended to read:

7.16 Subd. 4. **Existing deferred retirees.** Any former member of the former
7.17 Metropolitan Transit Commission-Transit Operating Division employees retirement
7.18 fund is entitled to a retirement annuity from the Minnesota State Retirement System if
7.19 the employee:

7.20 (1) is not an active employee of the Transit Operating Division of the former
7.21 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active
7.22 continuous service with the Transit Operating Division of the former Metropolitan
7.23 Transit Commission as defined by the former Metropolitan Transit Commission-Transit
7.24 Operating Division employees retirement plan document in effect on December 31, 1977;
7.25 (3) has not received a refund of contributions; (4) has not retired or begun receiving an
7.26 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating
7.27 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid
7.28 application for a retirement annuity to the executive director of the Minnesota State
7.29 Retirement System.

7.30 The person is entitled to a retirement annuity in an amount equal to the normal
7.31 old age retirement allowance calculated under the former Metropolitan Transit
7.32 Commission-Transit Operating Division employees retirement fund plan document in
7.33 effect on December 31, 1977, subject to an early retirement reduction or adjustment in
7.34 amount on account of retirement before the normal retirement age specified in that former

8.1 Metropolitan Transit Commission-Transit Operating Division employees retirement fund
8.2 plan document.

8.3 The deferred retirement annuity of any person to whom this subdivision applies
8.4 must be augmented. The required reserves applicable to the deferred retirement annuity,
8.5 determined as of the date the allowance begins to accrue using an appropriate mortality
8.6 table and an interest assumption of five percent, must be augmented by interest at the rate
8.7 of five percent per year compounded annually from January 1, 1978, to January 1, 1981,
8.8 and three percent per year compounded annually from January 1, 1981, to the first day
8.9 of the month in which the annuity begins to accrue. ~~Upon~~ After the commencement of
8.10 the retirement annuity, the ~~required reserves for the annuity must be transferred to the~~
8.11 ~~Minnesota postretirement investment fund in accordance with subdivision 2 and section~~
8.12 ~~352.119~~ is entitled to postretirement adjustments under section 356.415. On applying for
8.13 a retirement annuity under this subdivision, the person is entitled to elect a joint and
8.14 survivor optional annuity under section 352.116, subdivision 3.

8.15 Sec. 18. Minnesota Statutes 2008, section 352.911, subdivision 3, is amended to read:

8.16 Subd. 3. **Investment.** ~~The correctional employees retirement fund shall participate~~
8.17 ~~in the Minnesota postretirement investment fund and in that fund there shall be deposited~~
8.18 ~~the amounts provided in section 352.119.~~ The balance of any assets of the fund ~~shall~~
8.19 must be deposited in the Minnesota combined investment funds as provided in section
8.20 11A.14, if applicable, or otherwise under section 11A.23.

8.21 Sec. 19. Minnesota Statutes 2008, section 352.911, subdivision 5, is amended to read:

8.22 Subd. 5. **Fund disbursement restricted.** The correctional employees retirement
8.23 fund ~~and its share of participation in the Minnesota postretirement investment fund shall~~
8.24 must be disbursed only for the purposes provided for in the applicable provisions in this
8.25 chapter. The proportional share of the expenses of the system and any benefits provided
8.26 in ~~sections~~ section 352.90 to 352.951, other than benefits payable from the Minnesota
8.27 ~~postretirement investment fund, shall~~ must be paid from the correctional employees
8.28 retirement fund. The retirement allowances, retirement annuities, the disability benefits,
8.29 the survivorship benefits, and any refunds of accumulated deductions ~~shall~~ must be paid
8.30 ~~only~~ from the correctional employees retirement fund ~~after those needs have been certified~~
8.31 ~~by the executive director and the amounts withdrawn from the share of participation in the~~
8.32 ~~Minnesota postretirement fund under section 11A.18.~~ The amounts necessary to make the
8.33 payments from the correctional employees retirement fund ~~and the participation in the~~

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9.1 ~~Minnesota postretirement investment fund~~ are annually appropriated from ~~those funds~~
9.2 that fund for those purposes.

9.3 Sec. 20. Minnesota Statutes 2008, section 352.93, is amended by adding a subdivision
9.4 to read:

9.5 Subd. 7. **Postretirement adjustment eligibility.** A retirement annuity under this
9.6 section is eligible for postretirement adjustments under section 356.415.

9.7 Sec. 21. Minnesota Statutes 2008, section 352.931, is amended by adding a subdivision
9.8 to read:

9.9 Subd. 6. **Postretirement adjustment eligibility.** A survivor benefit under this
9.10 section is eligible for postretirement adjustments under section 356.415.

9.11 Sec. 22. Minnesota Statutes 2008, section 352.95, is amended by adding a subdivision
9.12 to read:

9.13 Subd. 8. **Postretirement adjustment eligibility.** A disability benefit under this
9.14 section is eligible for postretirement adjustments under section 356.415.

9.15 Sec. 23. Minnesota Statutes 2008, section 352B.02, subdivision 1d, is amended to read:

9.16 Subd. 1d. **Fund revenue and expenses.** The amounts provided for in this section
9.17 must be credited to the State Patrol retirement fund. All money received must be deposited
9.18 by the commissioner of finance in the State Patrol retirement fund. The fund must be used
9.19 to pay the administrative expenses of the retirement fund, and the benefits and annuities
9.20 provided in this chapter. ~~Appropriate amounts shall be transferred to or withdrawn from~~
9.21 ~~the Minnesota postretirement investment fund as provided in section 352B.26.~~

9.22 Sec. 24. Minnesota Statutes 2008, section 352B.08, is amended by adding a
9.23 subdivision to read:

9.24 Subd. 4. **Postretirement adjustment eligibility.** A retirement annuity under this
9.25 section is eligible for postretirement adjustments under section 356.415.

9.26 Sec. 25. Minnesota Statutes 2008, section 352B.10, is amended by adding a
9.27 subdivision to read:

9.28 Subd. 6. **Postretirement adjustment eligibility.** A disability benefit under this
9.29 section is eligible for postretirement adjustments under section 356.415.

10.1 Sec. 26. Minnesota Statutes 2008, section 352B.11, is amended by adding a subdivision
10.2 to read:

10.3 Subd. 2e. **Postretirement adjustment eligibility.** A survivor benefit under
10.4 subdivision 2, 2b, or 2c is eligible for postretirement adjustments under section 356.415.

10.5 Sec. 27. Minnesota Statutes 2008, section 352C.10, is amended to read:

10.6 **352C.10 BENEFIT ADJUSTMENTS.**

10.7 Retirement allowances payable to retired constitutional officers and surviving spouse
10.8 benefits payable must be adjusted ~~in the same manner, at the same times and in the same~~
10.9 ~~amounts as are benefits payable from the Minnesota postretirement investment fund to~~
10.10 ~~retirees of a participating public pension fund~~ under section 356.415.

10.11 Sec. 28. Minnesota Statutes 2008, section 352D.06, subdivision 1, is amended to read:

10.12 Subdivision 1. **Annuity; reserves.** When a participant attains at least age 55,
10.13 terminates from covered service, and applies for a retirement annuity, the cash value of the
10.14 participant's shares ~~shall~~ must be transferred to the ~~Minnesota postretirement investment~~
10.15 general state employees retirement fund and must be used to provide an annuity for the
10.16 retired employee based upon the participant's age when the benefit begins to accrue
10.17 according to the reserve basis used by the general state employees retirement plan in
10.18 determining pensions and reserves. The annuity under this subdivision is eligible for
10.19 postretirement adjustments under section 356.415.

10.20 Sec. 29. Minnesota Statutes 2008, section 352D.065, is amended by adding a
10.21 subdivision to read:

10.22 Subd. 3a. **Postretirement adjustment eligibility.** A disability benefit under this
10.23 section is eligible for postretirement adjustments under section 356.415.

10.24 Sec. 30. Minnesota Statutes 2008, section 352D.075, is amended by adding a
10.25 subdivision to read:

10.26 Subd. 2b. **Postretirement adjustment eligibility.** A survivor benefit under this
10.27 section is eligible for postretirement adjustments under section 356.415.

10.28 Sec. 31. Minnesota Statutes 2008, section 353.06, is amended to read:

10.29 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

10.30 The executive director shall from time to time certify to the State Board of
10.31 Investment for investment such portions of the retirement fund as in its judgment may not

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11.1 be required for immediate use. ~~Assets from the public employees retirement fund shall~~
11.2 ~~be transferred to the Minnesota postretirement investment fund as provided in section~~
11.3 ~~11A.18.~~ The State Board of Investment shall thereupon invest and reinvest the sum so
11.4 certified, or transferred, in such securities as are duly authorized as legal investments for
11.5 state employees retirement fund and shall have authority to sell, convey, and exchange
11.6 such securities and invest and reinvest the securities when it deems it desirable to do so
11.7 and shall sell securities upon request of the board of trustees when such funds are needed
11.8 for its purposes. All of the provisions regarding accounting procedures and restrictions
11.9 and conditions for the purchase and sale of securities ~~for the state employees retirement~~
11.10 ~~fund shall~~ under chapter 11A must apply to the accounting, purchase and sale of securities
11.11 for the public employees retirement fund.

11.12 Sec. 32. Minnesota Statutes 2008, section 353.27, subdivision 1, is amended to read:

11.13 Subdivision 1. **Income; disbursements.** There is a special fund known as the
11.14 "public employees retirement fund," the "retirement fund," or the "fund," which ~~shall~~
11.15 must include all the assets of the association. This fund ~~shall~~ must be credited with all
11.16 contributions, all interest and all other income authorized by law. From this fund there
11.17 is appropriated the payments authorized by this chapter in the amounts and at such time
11.18 provided herein, including the expenses of administering the fund, ~~and including the~~
11.19 ~~proper share of the Minnesota postretirement investment fund.~~

11.20 Sec. 33. Minnesota Statutes 2008, section 353.29, is amended by adding a subdivision
11.21 to read:

11.22 Subd. 9. **Postretirement adjustment eligibility.** An annuity under this section or
11.23 section 353.30 is eligible for postretirement adjustments under section 356.415.

11.24 Sec. 34. Minnesota Statutes 2008, section 353.31, subdivision 1b, is amended to read:

11.25 Subd. 1b. **Joint and survivor option.** (a) Prior to payment of a surviving spouse
11.26 benefit under subdivision 1, the surviving spouse may elect to receive the 100 percent
11.27 joint and survivor optional annuity under section 353.32, subdivision 1a, rather than a
11.28 surviving spouse benefit.

11.29 (b) If there is a dependent child or children, and the 100 percent joint and survivor
11.30 optional annuity for the surviving spouse, when added to the dependent children's benefit
11.31 under subdivisions 1 and 1a, exceeds an amount equal to 70 percent of the member's
11.32 specified average monthly salary, the 100 percent joint and survivor annuity under section
11.33 353.32, subdivision 1a, must be reduced by the amount necessary so that the total family

12.1 benefit does not exceed the 70 percent maximum family benefit amount under subdivision
12.2 1a.

12.3 (c) The 100 percent joint and survivor optional annuity must be restored to the
12.4 surviving spouse, plus applicable postretirement ~~fund~~ adjustments under Minnesota
12.5 Statutes 2008, section 356.41, through January 1, 2009, and thereafter under section
12.6 356.415, as the dependent child or children become no longer dependent under section
12.7 353.01, subdivision 15.

12.8 Sec. 35. Minnesota Statutes 2008, section 353.31, is amended by adding a subdivision
12.9 to read:

12.10 Subd. 12. **Postretirement adjustment eligibility.** A survivor benefit under
12.11 subdivision 1 or 1b or section 353.32, subdivision 1a, 1b, or 1c is eligible for
12.12 postretirement adjustments under section 356.415.

12.13 Sec. 36. Minnesota Statutes 2008, section 353.33, subdivision 3b, is amended to read:

12.14 Subd. 3b. **Optional annuity election.** A disabled member may elect to receive the
12.15 normal disability benefit or an optional annuity under section 353.30, subdivision 3. The
12.16 election of an optional annuity must be made prior to the commencement of payment of
12.17 the disability benefit. The optional annuity must begin to accrue on the same date as
12.18 provided for the disability benefit.

12.19 (1) If a person who is not the spouse of a member is named as beneficiary of the
12.20 joint and survivor optional annuity, the person is eligible to receive the annuity only
12.21 if the spouse, on the disability application form prescribed by the executive director,
12.22 permanently waives the surviving spouse benefits under sections 353.31, subdivision 1,
12.23 and 353.32, subdivision 1a. If the spouse of the member refuses to permanently waive
12.24 the surviving spouse coverage, the selection of a person other than the spouse of the
12.25 member as a joint annuitant is invalid.

12.26 (2) If the spouse of the member permanently waives survivor coverage, the
12.27 dependent children, if any, continue to be eligible for survivor benefits under section
12.28 353.31, subdivision 1, including the minimum benefit in section 353.31, subdivision 1a.
12.29 The designated optional annuity beneficiary may draw the monthly benefit; however, the
12.30 amount payable to the dependent child or children and joint annuitant must not exceed
12.31 the 70 percent maximum family benefit under section 353.31, subdivision 1a. If the
12.32 maximum is exceeded, the benefit of the joint annuitant must be reduced to the amount
12.33 necessary so that the total family benefit does not exceed the 70 percent maximum family
12.34 benefit amount.

13.1 (3) If the spouse is named as the beneficiary of the joint and survivor optional
13.2 annuity, the spouse may draw the monthly benefits; however, the amount payable to
13.3 the dependent child or children and the joint annuitant must not exceed the 70 percent
13.4 maximum family benefit under section 353.31, subdivision 1a. If the maximum is
13.5 exceeded, each dependent child will receive ten percent of the member's specified
13.6 average monthly salary, and the benefit to the joint annuitant must be reduced to the
13.7 amount necessary so that the total family benefit does not exceed the 70 percent maximum
13.8 family benefit amount. The joint and survivor optional annuity must be restored to the
13.9 surviving spouse, plus applicable postretirement adjustments under Minnesota Statutes
13.10 2008, section 356.41 or section 356.415, as the dependent child or children become no
13.11 longer dependent under section 353.01, subdivision 15.

13.12 Sec. 37. Minnesota Statutes 2008, section 353.33, subdivision 7, is amended to read:

13.13 Subd. 7. **Partial reemployment.** If, following a work or non-work-related injury
13.14 or illness, a disabled person who remains totally and permanently disabled as defined
13.15 in section 353.01, subdivision 19, has income from employment that is not substantial
13.16 gainful activity and the rate of earnings from that employment are less than the salary
13.17 rate at the date of disability or the salary rate currently paid for positions similar to the
13.18 employment position held by the disabled person immediately before becoming disabled,
13.19 whichever is greater, the executive director shall continue the disability benefit in an
13.20 amount that, when added to the earnings and any workers' compensation benefit, does not
13.21 exceed the salary rate at the date of disability or the salary currently paid for positions
13.22 similar to the employment position held by the disabled person immediately before
13.23 becoming disabled, whichever is higher. The disability benefit under this subdivision may
13.24 not exceed the disability benefit originally allowed, plus any postretirement adjustments
13.25 payable after December 31, 1988, in accordance with Minnesota Statutes 2008, section
13.26 11A.18, subdivision 10, or Minnesota Statutes 2008, section 356.41, through January 1,
13.27 2009, and thereafter as provided in section 356.415. No deductions for the retirement fund
13.28 may be taken from the salary of a disabled person who is receiving a disability benefit
13.29 as provided in this subdivision.

13.30 Sec. 38. Minnesota Statutes 2008, section 353.33, is amended by adding a subdivision
13.31 to read:

13.32 Subd. 13. **Postretirement adjustment eligibility.** A disability benefit under this
13.33 section is eligible for postretirement adjustments under section 356.415.

14.1 Sec. 39. Minnesota Statutes 2008, section 353.651, is amended by adding a subdivision
14.2 to read:

14.3 Subd. 5. **Postretirement adjustment eligibility.** An annuity under this section is
14.4 eligible for postretirement adjustments under section 356.415.

14.5 Sec. 40. Minnesota Statutes 2008, section 353.656, subdivision 5a, is amended to read:

14.6 Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the
14.7 payment of any disability benefit the first of the month following the reinstatement of a
14.8 member to full time or less than full-time service in a position covered by the police
14.9 and fire fund.

14.10 (b) A disability benefit paid to a disabled member of the police and fire plan, that
14.11 was granted under laws in effect after June 30, 2007, terminates at the end of the month in
14.12 which the member:

14.13 (1) reaches normal retirement age;

14.14 (2) if the disability benefit is payable for a 60-month period as determined under
14.15 subdivisions 1 and 3, as applicable, the first of the month following the expiration of
14.16 the 60-month period; or

14.17 (3) if the disabled member so chooses, the end of the month in which the member
14.18 has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

14.19 (c) If the police and fire plan member continues to be disabled when the disability
14.20 benefit terminates under this subdivision, the member is deemed to be retired. The
14.21 individual is entitled to receive a normal retirement annuity or an early retirement annuity
14.22 under section 353.651, whichever is applicable, as further specified in paragraph (d)
14.23 or (e). If the individual did not previously elect an optional annuity under subdivision
14.24 1a, paragraph (a), the individual may elect an optional annuity under subdivision 1a,
14.25 paragraph (b).

14.26 (d) A member of the police and fire plan who is receiving a disability benefit under
14.27 this section may, upon application, elect to receive an early retirement annuity under
14.28 section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a
14.29 retirement annuity no later than the end of the month in which the disabled member attains
14.30 normal retirement age. An early retirement annuity elected under this subdivision must be
14.31 calculated on the disabled member's accrued years of service and average salary as defined
14.32 in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

14.33 (e) When an individual's benefit is recalculated as a retirement annuity under this
14.34 section, the annuity must be based on clause (1) or clause (2), whichever provides the
14.35 greater amount:

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15.1 (1) the benefit amount at the time of reclassification, including all prior adjustments
15.2 provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and
15.3 thereafter as provided in section 356.415; or

15.4 (2) a benefit amount computed on the member's actual years of accrued allowable
15.5 service credit and the law in effect at the time the disability benefit first accrued, plus any
15.6 increases that would have applied since that date under section Minnesota Statutes 2008,
15.7 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

15.8 Sec. 41. Minnesota Statutes 2008, section 353.656, is amended by adding a subdivision
15.9 to read:

15.10 Subd. 14. **Postretirement adjustment eligibility.** A disability benefit under this
15.11 section is eligible for postretirement adjustments under section 356.415.

15.12 Sec. 42. Minnesota Statutes 2008, section 353.657, subdivision 3a, is amended to read:

15.13 Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly
15.14 benefit per family must not exceed the following percentages of the member's average
15.15 monthly salary as specified in subdivision 3:

15.16 (1) 80 percent, if the member's death was a line of duty death; or

15.17 (2) 70 percent, if the member's death was not a line of duty death or occurred while
15.18 the member was receiving a disability benefit that accrued before July 1, 2007.

15.19 (b) The minimum monthly benefit per family, including the joint and survivor
15.20 optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be
15.21 less than the following percentage of the member's average monthly salary as specified in
15.22 subdivision 3:

15.23 (1) 60 percent, if the death was a line of duty death; or

15.24 (2) 50 percent, if the death was not a line of duty death or occurred while the member
15.25 was receiving a disability benefit that accrued before July 1, 2007.

15.26 (c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the
15.27 joint annuitant must be reduced to the amount necessary so that the total family benefit
15.28 does not exceed the applicable maximum. The joint and survivor optional annuity must
15.29 be restored, plus applicable postretirement adjustments under Minnesota Statutes 2008,
15.30 section 356.41 or section 356.415, as the dependent child or children become no longer
15.31 dependent under section 353.01, subdivision 15.

15.32 Sec. 43. Minnesota Statutes 2008, section 353.657, is amended by adding a subdivision
15.33 to read:

16.1 Subd. 5. **Postretirement adjustment eligibility.** A survivor benefit under this
16.2 section is eligible for postretirement adjustments under section 356.415.

16.3 Sec. 44. Minnesota Statutes 2008, section 353.665, subdivision 3, is amended to read:

16.4 Subd. 3. **Transfer of assets.** Unless the municipality has elected to retain the
16.5 consolidation account under subdivision 1, paragraph (b), the assets of the former local
16.6 police or fire consolidation account must be transferred and upon transfer, the actuarial
16.7 value of the assets of a former local police or fire consolidation account less an amount
16.8 equal to the residual assets as determined under subdivision 7, paragraph (f), are the
16.9 assets of the public employees police and fire fund as of July 1, 1999. ~~The participation~~
16.10 ~~of a consolidation account in the Minnesota postretirement investment fund becomes~~
16.11 ~~part of the participation of the public employees police and fire fund in the Minnesota~~
16.12 ~~postretirement investment fund.~~ The remaining assets, excluding the amounts for
16.13 distribution under subdivision 7, paragraph (f), become an asset of the public employees
16.14 police and fire fund. The public employees police and fire fund also must be credited as an
16.15 asset with the amount of receivable assets under subdivision 7, paragraph (e).

16.16 Sec. 45. Minnesota Statutes 2008, section 353A.02, subdivision 14, is amended to read:

16.17 Subd. 14. **Ineligible investments.** "Ineligible investments" means any investment
16.18 security or other asset held by the relief association at or after the initiation of the
16.19 consolidation procedure which does not comply with the applicable requirements or
16.20 limitations of sections 11A.09, ~~11A.18~~, 11A.23, and 11A.24.

16.21 Sec. 46. Minnesota Statutes 2008, section 353A.02, subdivision 23, is amended to read:

16.22 Subd. 23. **Postretirement adjustment.** "Postretirement adjustment" means any
16.23 periodic or regular procedure for modifying the amount of a retirement annuity, service
16.24 pension, disability benefit, or survivor benefit after the start of that annuity, pension,
16.25 or benefit, including but not limited to modifications of amounts ~~from the Minnesota~~
16.26 ~~postretirement investment fund~~ under section ~~11A.18~~, ~~subdivision 9~~ 356.415, or any
16.27 benefit escalation or benefit amount modification based on changes in the salaries payable
16.28 to active police officers or salaried firefighters or changes in a cost-of-living index as
16.29 provided for in the existing relief association benefit plan.

16.30 Sec. 47. Minnesota Statutes 2008, section 353A.05, subdivision 1, is amended to read:

16.31 Subdivision 1. **Commission actions.** (a) Upon initiation of consolidation as
16.32 provided in section 353A.04, the executive director of the commission shall direct the

17.1 actuary retained under section 356.214 to undertake the preparation of the actuarial
17.2 calculations necessary to complete the consolidation.

17.3 (b) These actuarial calculations shall include for each active member, each deferred
17.4 former member, each retired member, and each current beneficiary the computation of the
17.5 present value of future benefits, the future normal costs, if any, and the actuarial accrued
17.6 liability on the basis of the existing relief association benefit plan and on the basis of the
17.7 public employees police and fire fund benefit plan. These actuarial calculations shall also
17.8 include for the total active, deferred, retired, and benefit recipient membership the sum
17.9 of the present value of future benefits, the future normal costs, if any, and the actuarial
17.10 accrued liability on the basis of the existing relief association benefit plan, on the basis of
17.11 the public employees police and fire fund benefit plan, and on the basis of the benefit plan
17.12 which produced the largest present value of future benefits for each person. The actuarial
17.13 calculations shall be prepared using the entry age actuarial cost method for all components
17.14 of the benefit plan and using the actuarial assumptions applicable to the fund for the
17.15 most recent actuarial valuation prepared under section 356.215, except that the actuarial
17.16 calculations on the basis of the existing relief association benefit plan shall be prepared
17.17 using an interest rate actuarial assumption during the postretirement period which is in
17.18 the same amount as the interest rate actuarial assumption applicable to the preretirement
17.19 period. The actuarial calculations shall include the computation of the present value of the
17.20 initial postretirement adjustment anticipated by the executive director of the state board as
17.21 payable after the effective date of the consolidation ~~from the Minnesota postretirement~~
17.22 ~~investment fund~~ under section ~~HA-18~~ 356.415.

17.23 (c) The chief administrative officer of the relief association shall, upon request,
17.24 provide in a timely manner to the executive director of the commission and to the actuary
17.25 retained under section 356.214 the most current available information or documents,
17.26 whichever applies, regarding the demographics of the active, deferred, retired, and
17.27 benefit recipient membership of the relief association, the financial condition of the relief
17.28 association, and the existing benefit plan of the relief association.

17.29 (d) Upon completion of the actuarial calculations required by this subdivision, the
17.30 actuary retained under section 356.214 shall issue a report in the form of an appropriate
17.31 summary of the actuarial calculations and shall provide a copy of that report to the
17.32 executive director of the commission, the executive director of the Public Employees
17.33 Retirement Association, the chief administrative officer of the relief association, the chief
17.34 administrative officer of the municipality in which the relief association is located, and
17.35 the state auditor.

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18.1 Sec. 48. Minnesota Statutes 2008, section 353A.05, subdivision 2, is amended to read:

18.2 Subd. 2. **State board actions.** (a) Upon approval of consolidation by the
18.3 membership as provided in section 353A.04, the executive director of the state board
18.4 shall review the existing investment portfolio of the relief association for compliance
18.5 with the requirements and limitations set forth in sections 11A.09, 11A.14, ~~11A.18,~~
18.6 11A.23, and 11A.24 and for appropriateness for retention in the light of the established
18.7 investment objectives of the state board. The executive director of the state board, using
18.8 any reporting service retained by the state board, shall determine the approximate market
18.9 value of the existing assets of the relief association upon the effective date of consolidation
18.10 and the transfer of assets from the relief association to the individual relief association
18.11 consolidation accounts at market value.

18.12 (b) The state board may require that the relief association liquidate any investment
18.13 security or other item of value which is determined to be ineligible or inappropriate for
18.14 retention by the state board. The liquidation shall occur before the effective date of
18.15 consolidation and transfer of assets.

18.16 (c) If requested to do so by the chief administrative officer of the relief association
18.17 or of the municipality, the state board shall provide advice on the means and procedures
18.18 available to liquidate investment securities and other assets determined to be ineligible or
18.19 inappropriate.

18.20 Sec. 49. Minnesota Statutes 2008, section 353A.08, subdivision 1, is amended to read:

18.21 Subdivision 1. **Election of coverage by current retirees.** (a) A person who is
18.22 receiving a service pension, disability benefit, or survivor benefit is eligible to elect benefit
18.23 coverage provided under the relevant provisions of the public employees police and fire
18.24 fund benefit plan or to retain benefit coverage provided under the relief association benefit
18.25 plan in effect on the effective date of the consolidation. The relevant provisions of the
18.26 public employees police and fire fund benefit plan for the person electing that benefit
18.27 coverage are limited to ~~participation in the Minnesota postretirement investment fund for~~
18.28 any future postretirement adjustments under section 356.415 based on the amount of
18.29 the benefit or pension payable on December 31, if December 31 is the effective date of
18.30 consolidation, or on the December 1 following the effective date of the consolidation, if
18.31 other than December 31. The survivor benefit payable on behalf of any service pension
18.32 or disability benefit recipient who elects benefit coverage under the public employees
18.33 police and fire fund benefit plan must be calculated under the relief association benefit
18.34 plan and is subject to ~~participation in the Minnesota postretirement investment fund for~~

19.1 ~~any~~ future postretirement adjustments under section 356.415 based on the amount of the
19.2 survivor benefit payable.

19.3 (b) A survivor benefit calculated under the relief association benefit plan which is first
19.4 payable after June 30, 1997, to the surviving spouse of a retired member of a consolidation
19.5 account who, before July 1, 1997, chose to ~~participate in the Minnesota~~ postretirement
19.6 ~~investment fund~~ adjustments as provided under ~~this subdivision~~ section 356.415 must be
19.7 increased on the effective date of the survivor benefit on an actuarial equivalent basis to
19.8 reflect the change in the postretirement interest rate actuarial assumption under section
19.9 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
19.10 tables adopted by the board and approved by the actuary retained under section 356.214.

19.11 (c) By electing the public employees police and fire fund benefit plan, a current
19.12 service pension or disability benefit recipient who, as of the first January 1 occurring after
19.13 the effective date of consolidation, has been receiving the pension or benefit for at least
19.14 seven months, or any survivor benefit recipient who, as of the first January 1 occurring
19.15 after the effective date of consolidation, has been receiving the benefit on the person's own
19.16 behalf or in combination with a prior applicable service pension or disability benefit for at
19.17 least seven months is eligible to receive a partial adjustment payable ~~from the Minnesota~~
19.18 ~~postretirement investment fund~~ under section ~~11A.18, subdivision 9~~ 356.415.

19.19 (d) The election by any pension or benefit recipient must be made on or before
19.20 the deadline established by the board of the Public Employees Retirement Association
19.21 in a manner that recognizes the number of persons eligible to make the election and the
19.22 anticipated time required to conduct any required benefit counseling.

19.23 Sec. 50. Minnesota Statutes 2008, section 353A.08, subdivision 3, is amended to read:

19.24 Subd. 3. **Election of coverage by active members.** (a) A person who is an active
19.25 member of a police or fire relief association, other than a volunteer firefighter, has the
19.26 option to elect benefit coverage under the relevant provisions of the public employees
19.27 police and fire fund or to retain benefit coverage provided by the relief association benefit
19.28 plan in effect on the effective date of consolidation. The relevant provisions of the public
19.29 employee police and fire fund benefit plan for the person electing that benefit coverage
19.30 are the relevant provisions of the public employee police and fire fund benefit plan
19.31 applicable to retirement annuities, disability benefits, and survivor benefits, including
19.32 ~~participation in the Minnesota~~ postretirement investment fund adjustments under section
19.33 356.415, but excluding any provisions governing the purchase of credit for prior service
19.34 or making payments in lieu of member contribution deductions applicable to any period
19.35 which occurred before the effective date of consolidation.

20.1 (b) An active member is eligible to make an election at one of the following times:
20.2 (1) within six months of the effective date of consolidation;
20.3 (2) between the date on which the active member attains the age of 49 years and six
20.4 months and the date on which the active member attains the age of 50 years; or
20.5 (3) on the date on which the active member terminates active employment for
20.6 purposes of receiving a service pension or disability benefits, or within 90 days of the
20.7 date the member terminates active employment and defers receipt of a service pension,
20.8 whichever applies.

20.9 Sec. 51. Minnesota Statutes 2008, section 353A.081, subdivision 2, is amended to read:

20.10 Subd. 2. **Election of coverage.** (a) Individuals eligible under subdivision 1 may
20.11 elect, on a form prescribed by the executive director of the Public Employees Retirement
20.12 Association, to have survivor benefits calculated under the relevant provisions of the
20.13 public employees police and fire fund benefit plan or to have survivor benefits calculated
20.14 under the relief association benefit plan. The relevant provisions of the public employee
20.15 police and fire fund benefit plan for the person electing that benefit coverage are the
20.16 relevant provisions of the public employee police and fire fund benefit plan applicable
20.17 to survivor benefits, including ~~participation in the Minnesota postretirement investment~~
20.18 ~~fund~~ adjustments under section 356.415.

20.19 (b) If the election results in an increased benefit amount to the surviving spouse
20.20 eligible under subdivision 1, or to eligible children if there is no surviving spouse, the
20.21 increased benefit accrues as of the date on which the survivor benefits payable to the
20.22 survivors from the consolidation account were first paid. The back payment of any
20.23 increase in prior benefit amounts, plus any postretirement adjustments payable under
20.24 section ~~356.41~~ 356.415, or any increase payable under the local relief association bylaws
20.25 is payable as soon as practicable after the effective date of the election.

20.26 Sec. 52. Minnesota Statutes 2008, section 353A.09, subdivision 1, is amended to read:

20.27 Subdivision 1. **Establishment of consolidation accounts.** (a) The board of trustees
20.28 of the Public Employees Retirement Association shall establish a separate consolidation
20.29 account for each local relief association of a municipality that consolidates with the Public
20.30 Employees Retirement Association. The association shall credit to the consolidation
20.31 account the assets of the individual consolidating local relief association upon transfer,
20.32 member contributions received after consolidation under subdivision 4, municipal
20.33 contributions received after consolidation under subdivision 5, and a proportionate share
20.34 of any investment income earned after consolidation. From the consolidation account,

21.1 the association shall pay ~~for the transfer of any required reserves to the Minnesota~~
21.2 ~~postretirement investment fund on account of persons electing the type of benefit coverage~~
21.3 ~~provided by the public employees police and fire fund under subdivisions 2 and 3 and~~
21.4 ~~section 353.271, subdivision 2~~; the pension and benefit amounts on account of persons
21.5 electing coverage by the relief association benefit plan under section 353A.08, the benefit
21.6 amounts ~~not payable from the Minnesota postretirement investment fund~~ on account of
21.7 persons electing the type of benefit coverage provided by the public employees police and
21.8 fire fund under section 353A.08, and any direct administrative expenses related to the
21.9 consolidation account, and the proportional share of the general administrative expenses
21.10 of the association.

21.11 (b) Except as otherwise provided for in this section, the liabilities and the assets
21.12 of a consolidation account must be considered for all purposes to be separate from the
21.13 balance of the public employees police and fire fund. The consolidation account must be
21.14 subject to separate accounting, a separate actuarial valuation, and must be reported as a
21.15 separate exhibit in any annual financial report or actuarial valuation report of the public
21.16 employees police and fire consolidation fund, whichever applies. The executive director
21.17 of the public employees retirement association shall maintain separate accounting records
21.18 and balances for each consolidation account.

21.19 Sec. 53. Minnesota Statutes 2008, section 353A.10, subdivision 2, is amended to read:

21.20 Subd. 2. **Collection of late contributions.** In the event of a refusal by a
21.21 municipality in which was located a local police or firefighters relief association which
21.22 has consolidated with the fund to pay to the fund any amount or amounts due under
21.23 section 353A.09, subdivisions ~~2~~ 4 to 6, the executive director of the public employees
21.24 retirement association may notify the Department of Revenue, the Department of Finance,
21.25 and the state auditor of the refusal and commence the necessary procedure to collect the
21.26 amount or amounts due from the amount of any state aid under sections 69.011 to 69.051,
21.27 amortization state aid under section 423A.02, or supplemental amortization state aid under
21.28 Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20,
21.29 which is payable to the municipality or to certify the amount or amounts due to the county
21.30 auditor for inclusion in the next tax levy of the municipality or for collection from other
21.31 revenue available to the municipality, or both.

21.32 Sec. 54. Minnesota Statutes 2008, section 353A.10, subdivision 3, is amended to read:

21.33 Subd. 3. **Levy and bonding authority.** A municipality in which was located a local
21.34 police or firefighters relief association that has consolidated with the fund may issue

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22.1 general obligation bonds of the municipality to defray all or a portion of the principal
22.2 amounts specified in section 353A.09, subdivisions ~~2~~4 to 6, or certify to the county
22.3 auditor a levy in the amount necessary to defray all or a portion of the principal amount
22.4 specified in section 353A.09, subdivisions ~~2~~4 to 6, or the annual amount specified in
22.5 section 353A.09, subdivisions ~~2~~4 to 6. The municipality may pledge the full faith, credit,
22.6 and taxing power of the municipality for the payment of the principal of and interest on the
22.7 general obligation bonds. Any municipal bond may be issued without an election under
22.8 section 475.58 and may not be included in the net debt of the municipality for purposes of
22.9 any charter or statutory debt limitation, nor may any tax levy for the payment of bond
22.10 principal or interest be subject to any limitation concerning rate or amount established
22.11 by charter or law.

22.12 Sec. 55. Minnesota Statutes 2008, section 353E.01, subdivision 3, is amended to read:

22.13 Subd. 3. **Investment.** ~~(a) The public employees local government correctional~~
22.14 ~~service retirement fund participates in the Minnesota postretirement investment fund.~~

22.15 ~~(b) The amounts provided in section 353.271 must be deposited in that fund.~~

22.16 ~~(c) The balance of any~~ Assets of the public employees local government correctional
22.17 service retirement fund must be deposited in the Minnesota combined investment fund as
22.18 provided in section 11A.14, if applicable, or otherwise invested under section 11A.23.

22.19 Sec. 56. Minnesota Statutes 2008, section 353E.01, subdivision 5, is amended to read:

22.20 Subd. 5. **Fund disbursement restricted.** (a) The public employees local
22.21 government correctional service retirement fund ~~and its share of participation in the~~
22.22 ~~Minnesota postretirement investment fund~~ may be disbursed only for the purposes
22.23 provided for in this chapter.

22.24 (b) The proportional share of the necessary and reasonable administrative expenses
22.25 of the association and any benefits provided in this chapter, ~~other than benefits payable~~
22.26 ~~from the Minnesota postretirement investment fund,~~ must be paid from the public
22.27 employees local government correctional service retirement fund. Retirement annuities,
22.28 disability benefits, survivorship benefits, and any refunds of accumulated deductions may
22.29 be paid only from the correctional service retirement fund after those needs have been
22.30 certified by the executive director ~~and any applicable amounts withdrawn from the share~~
22.31 ~~of participation in the Minnesota postretirement fund under section 11A.18.~~

22.32 (c) The amounts necessary to make the payments from the public employees local
22.33 government correctional service retirement fund ~~and its participation in the Minnesota~~

23.1 ~~postretirement investment fund~~ are annually appropriated from those funds for those
23.2 purposes.

23.3 Sec. 57. Minnesota Statutes 2008, section 353E.04, is amended by adding a subdivision
23.4 to read:

23.5 Subd. 7. Postretirement adjustment eligibility. An annuity under this section is
23.6 eligible for postretirement adjustments under section 356.415.

23.7 Sec. 58. Minnesota Statutes 2008, section 353E.06, is amended by adding a subdivision
23.8 to read:

23.9 Subd. 9. Postretirement adjustment eligibility. A disability benefit under this
23.10 section is eligible for postretirement adjustments under section 356.415.

23.11 Sec. 59. Minnesota Statutes 2008, section 353E.07, is amended by adding a subdivision
23.12 to read:

23.13 Subd. 8. Postretirement adjustment eligibility. A survivor benefit under this
23.14 section is eligible for postretirement adjustments under section 356.415.

23.15 Sec. 60. Minnesota Statutes 2008, section 354.07, subdivision 4, is amended to read:

23.16 Subd. 4. **Certification of funds to State Board of Investment.** It ~~shall be~~ is
23.17 the duty of the board from time to time to certify to the State Board of Investment for
23.18 investment as much of the funds in its hands as shall not be needed for current purposes.
23.19 ~~Such funds that are certified as to investment in the postretirement investment fund shall~~
23.20 ~~include the amount as required for the total reserves needed for the purposes described~~
23.21 ~~in section 354.63. The State Board of Investment shall thereupon transfer such assets~~
23.22 ~~to the appropriate fund provided herein, in accordance with the procedure set forth in~~
23.23 ~~section 354.63, or~~ invest and reinvest an amount equal to the sum so certified in such
23.24 securities as are now or may hereafter be duly authorized legal investments for state
23.25 employees retirement fund and all such securities so transferred or purchased ~~shall~~ must
23.26 be deposited with the commissioner of finance. All interest from these investments ~~shall~~
23.27 must be credited to the ~~appropriate funds~~ teachers retirement fund and used for current
23.28 purposes or investments, except as hereinafter provided. The State Board of Investment
23.29 ~~shall have~~ has authority to sell, convey, and exchange such securities and invest and
23.30 reinvest the funds when it deems it desirable to do so, and ~~shall~~ must sell securities upon
23.31 request of the officers of the association when such officers determine funds are needed
23.32 for its purposes. All of the provisions regarding accounting procedures and restrictions

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24.1 and conditions for the purchase and sale of securities ~~for the state employees retirement~~
24.2 ~~fund shall~~ under chapter 11A must apply to the accounting, purchase and sale of securities
24.3 for the Teachers' Retirement Association.

24.4 Sec. 61. Minnesota Statutes 2008, section 354.33, subdivision 5, is amended to read:

24.5 Subd. 5. **Retirees not eligible for federal benefits.** When any person retires after
24.6 July 1, 1973, who (1) has ten or more years of allowable service, and (2) does not have any
24.7 retroactive Social Security coverage by reason of the person's position in the retirement
24.8 system, and (3) does not qualify for federal old age and survivor primary benefits at the
24.9 time of retirement, the annuity must be computed under section 354.44, subdivision 2, of
24.10 the law in effect on June 30, 1969, except that accumulations after June 30, 1957, must be
24.11 calculated using the ~~same most recent~~ most recent mortality table approved under section 356.215,
24.12 subdivision 18, and interest assumption as are used to transfer the required reserves to the
24.13 Minnesota postretirement investment fund using the applicable postretirement interest rate
24.14 assumption specified in section 356.215, subdivision 8.

24.15 Sec. 62. Minnesota Statutes 2008, section 354.35, is amended by adding a subdivision
24.16 to read:

24.17 Subd. 3. **Postretirement adjustment eligibility.** An annuity under this section is
24.18 eligible for postretirement adjustments under section 356.415.

24.19 Sec. 63. Minnesota Statutes 2008, section 354.42, subdivision 1a, is amended to read:

24.20 Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement
24.21 Association and the state treasury is created a special retirement fund, which must include
24.22 all the assets of the Teachers Retirement Association and all revenue of the association.
24.23 The fund is the continuation of the fund established under Laws 1931, chapter 406, section
24.24 2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1,
24.25 by Laws 1974, chapter 289, section 59.

24.26 (b) The teachers retirement fund must be credited with all employee and employer
24.27 contributions, all investment revenue and gains, and all other income authorized by law.

24.28 (c) From the teachers retirement fund is appropriated the payments of annuities
24.29 and benefits authorized by this chapter, ~~the transfers to the Minnesota postretirement~~
24.30 ~~investment fund,~~ and the reasonable and necessary expenses of administering the fund
24.31 and the association.

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25.1 Sec. 64. Minnesota Statutes 2008, section 354.44, is amended by adding a subdivision
25.2 to read:

25.3 Subd. 7a. **Postretirement adjustment eligibility.** (a) A retirement annuity under
25.4 subdivision 2 or 6 is eligible for postretirement adjustments under section 356.415.

25.5 (b) Retirement annuities payable from the teachers retirement plan must not be in
25.6 an amount less than the amount originally determined on the date of retirement and as
25.7 adjusted on each succeeding January 1 under Minnesota Statutes 2008, section 11A.18,
25.8 before January 1, 2010, and under section 356.415 after December 31, 2009.

25.9 Sec. 65. Minnesota Statutes 2008, section 354.46, is amended by adding a subdivision
25.10 to read:

25.11 Subd. 7. **Postretirement adjustment eligibility.** A survivor benefit under
25.12 subdivision 1, 2, 2a, or 2b, is eligible for postretirement adjustments under section 356.415.

25.13 Sec. 66. Minnesota Statutes 2008, section 354.48, is amended by adding a subdivision
25.14 to read:

25.15 Subd. 11. **Postretirement adjustment eligibility.** A disability benefit under this
25.16 section is eligible for postretirement adjustments under section 356.415.

25.17 Sec. 67. Minnesota Statutes 2008, section 354.55, subdivision 13, is amended to read:

25.18 Subd. 13. **Pre-1969 law retirements.** Any person who ceased teaching service
25.19 prior to July 1, 1968, who has ten years or more of allowable service and left accumulated
25.20 deductions in the fund for the purpose of receiving when eligible a retirement annuity,
25.21 and retires ~~shall~~ must have the annuity computed in accordance with the law in effect on
25.22 June 30, 1969, except that the portion of the annuity based on accumulations after June 30,
25.23 1957, under Minnesota Statutes 1967, section 354.44, subdivision 2, and accumulations
25.24 under Minnesota Statutes 1967, section 354.33, subdivision 1, ~~shall~~ must be calculated
25.25 using the mortality table established by the board under section 354.07, subdivision 1,
25.26 and approved under section 356.215, subdivision 18, and the postretirement interest rate
25.27 assumption specified in section 356.215, ~~to transfer the required reserves to the Minnesota~~
25.28 ~~postretirement investment fund~~ subdivision 8.

25.29 Sec. 68. Minnesota Statutes 2008, section 354.70, subdivision 5, is amended to read:

25.30 Subd. 5. **Transfer of assets.** (a) On or before June 30, 2006, the chief administrative
25.31 officer of the Minneapolis Teachers Retirement Fund Association shall transfer to the
25.32 Teachers Retirement Association the entire assets of the special retirement fund of the

26.1 Minneapolis Teachers Retirement Fund Association. The transfer of the assets of the
26.2 Minneapolis Teachers Retirement Fund Association special retirement fund must include
26.3 any accounts receivable that are determined by the executive director of the State Board of
26.4 Investment as reasonably capable of being collected. Legal title to account receivables that
26.5 are determined by the executive director of the State Board of Investment as not reasonably
26.6 capable of being collected transfers to Special School District No. 1, Minneapolis, as of
26.7 the date of the determination of the executive director of the State Board of Investment.
26.8 If the account receivables transferred to Special School District No. 1, Minneapolis,
26.9 are subsequently recovered by the school district, the superintendent of Special School
26.10 District No. 1, Minneapolis, shall transfer the recovered amount to the executive director
26.11 of the Teachers Retirement Association, in cash, for deposit in the teachers retirement
26.12 fund, less the reasonable expenses of the school district related to the recovery.

26.13 (b) As of June 30, 2006, assets of the special retirement fund of the Minneapolis
26.14 Teachers Retirement Fund Association are assets of the Teachers Retirement Association
26.15 to be invested by the State Board of Investment pursuant to the provisions of section
26.16 354.07, subdivision 4. The Teachers Retirement Association is the successor in interest to
26.17 all claims which the Minneapolis Teachers Retirement Fund Association may have or may
26.18 assert against any person and is the successor in interest to all claims which could have
26.19 been asserted against the former Minneapolis Teachers Retirement Fund Association,
26.20 subject to the following exceptions and qualifications:

26.21 (1) the Teachers Retirement Association is not liable for any claim against the
26.22 Minneapolis Teachers Retirement Fund Association, its former board or board members,
26.23 which is founded upon a claim of breach of fiduciary duty, where the act or acts
26.24 constituting the claimed breach were not done in good faith;

26.25 (2) the Teachers Retirement Association may assert any applicable defense to any
26.26 claim in any judicial or administrative proceeding that the former Minneapolis Teachers
26.27 Retirement Fund Association or its board would otherwise have been entitled to assert;

26.28 (3) the Teachers Retirement Association may assert any applicable defense that the
26.29 Teachers Retirement Association may assert in its capacity as a statewide agency; and

26.30 (4) the Teachers Retirement Association shall indemnify any former fiduciary of the
26.31 Minneapolis Teachers Retirement Fund Association consistent with the provisions of the
26.32 Public Pension Fiduciary Responsibility Act, in section 356A.11.

26.33 (c) From the assets of the former Minneapolis Teachers Retirement Fund Association
26.34 transferred to the Teachers Retirement Association, an amount equal to the percentage
26.35 figure that represents the ratio between the market value of the Minnesota postretirement
26.36 investment fund as of June 30, 2006, and the required reserves of the Minnesota

27.1 postretirement investment fund as of June 30, 2006, applied to the present value of
27.2 future benefits payable to annuitants of the former Minneapolis Teachers Retirement
27.3 Fund Association as of June 30, 2006, including any postretirement adjustment from the
27.4 Minnesota postretirement investment fund expected to be payable on January 1, 2007,
27.5 must be transferred to the Minnesota postretirement investment fund. The executive
27.6 director of the State Board of Investment shall estimate this ratio at the time of the
27.7 transfer. By January 1, 2007, after all necessary financial information becomes available
27.8 to determine the actual funded ratio of the Minnesota postretirement investment fund, the
27.9 postretirement investment fund must refund to the Teachers Retirement Association any
27.10 excess assets or the Teachers Retirement Association must contribute any deficiency to
27.11 the Minnesota postretirement investment fund with interest under Minnesota Statutes
27.12 2008, section 11A.18, subdivision 6. The balance of the assets of the former Minneapolis
27.13 Teachers Retirement Fund Association after the transfer to the Minnesota postretirement
27.14 investment fund must be credited to the Teachers Retirement Association.

27.15 (d) If the assets transferred by the Minneapolis Teachers Retirement Fund
27.16 Association to the Teachers Retirement Association are insufficient to meet its obligation
27.17 to the Minnesota postretirement investment fund, additional assets must be transferred by
27.18 the executive director of the Teachers Retirement Association to meet the amount required.

27.19 Sec. 69. Minnesota Statutes 2008, section 354.70, subdivision 6, is amended to read:

27.20 Subd. 6. **Benefit calculation.** (a) For every deferred, inactive, disabled, and retired
27.21 member of the Minneapolis Teachers Retirement Fund Association transferred under
27.22 subdivision 1, and the survivors of these members, annuities or benefits earned before
27.23 the date of the transfer, other than future postretirement adjustments, must be calculated
27.24 and paid by the Teachers Retirement Association under the laws, articles of incorporation,
27.25 and bylaws of the former Minneapolis Teachers Retirement Fund Association that were
27.26 in effect relative to the person on the date of the person's termination of active service
27.27 covered by the former Minneapolis Teachers Retirement Fund Association.

27.28 (b) Former Minneapolis Teachers Retirement Fund Association members who
27.29 retired before July 1, 2006, must receive postretirement adjustments after December 31,
27.30 2006, only as provided in Minnesota Statutes 2008, section 11A.18 or section 356.415. All
27.31 other benefit recipients of the former Minneapolis Teachers Retirement Fund Association
27.32 must receive postretirement adjustments after December 31, 2006, only as provided in
27.33 section ~~356.41~~ 356.415.

27.34 (c) This consolidation does not impair or diminish benefits for an active, deferred,
27.35 or retired member or a survivor of an active, deferred, or retired member under the

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28.1 former Minneapolis Teachers Retirement Fund Association in existence at the time of the
28.2 consolidation, except that any future guaranteed or investment-related postretirement
28.3 adjustments must be paid after July 1, 2006, in accordance with paragraph (b), and all
28.4 benefits based on service on or after July 1, 2006, must be determined only by laws
28.5 governing the Teachers Retirement Association.

28.6 Sec. 70. Minnesota Statutes 2008, section 356.215, subdivision 1, is amended to read:

28.7 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
28.8 356.23, each of the terms in the following paragraphs has the meaning given.

28.9 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
28.10 under section 356.214 if so required under section 3.85, or otherwise, by an approved
28.11 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
28.12 plan, according to the entry age actuarial cost method and based upon stated assumptions
28.13 including, but not limited to rates of interest, mortality, salary increase, disability,
28.14 withdrawal, and retirement and to determine the payment necessary to amortize over a
28.15 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
28.16 valuation of the benefit plan.

28.17 (c) "Approved actuary" means a person who is regularly engaged in the business of
28.18 providing actuarial services and who is a fellow in the Society of Actuaries.

28.19 (d) "Entry age actuarial cost method" means an actuarial cost method under which
28.20 the actuarial present value of the projected benefits of each individual currently covered
28.21 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
28.22 the service of the individual, if the benefit plan is governed by section 69.773, or over the
28.23 earnings of the individual, if the benefit plan is governed by any other law, between the
28.24 entry age and the assumed exit age, with the portion of the actuarial present value which is
28.25 allocated to the valuation year to be the normal cost and the portion of the actuarial present
28.26 value not provided for at the valuation date by the actuarial present value of future normal
28.27 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
28.28 the sum of the calculated result for each covered individual and with recognition given to
28.29 any different benefit formulas which may apply to various periods of service.

28.30 (e) "Experience study" means a report providing experience data and an actuarial
28.31 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
28.32 based.

28.33 (f) "Actuarial value of assets" means:

28.34 (1) For the July 1, 2009, actuarial valuation, the market value of all assets as of
28.35 ~~the preceding~~ June 30, 2009, reduced by:

29.1 ~~(1)~~ (i) 20 percent of the difference between the actual net change in the market value
29.2 of assets other than the Minnesota postretirement investment fund between ~~the~~ June 30
29.3 ~~that occurred three years earlier, 2006,~~ and the June 30 ~~that occurred four years earlier,~~
29.4 2005, and the computed increase in the market value of assets other than the Minnesota
29.5 postretirement investment fund over that fiscal year period if the assets had ~~increased at~~
29.6 ~~the percentage preretirement interest rate assumption used in the actuarial valuation for~~
29.7 ~~the July 1 that occurred four years earlier~~ earned a rate of return on assets equal to the
29.8 annual percentage preretirement interest rate assumption used in the actuarial valuation
29.9 for July 1, 2005;

29.10 ~~(2)~~ (ii) 40 percent of the difference between the actual net change in the market
29.11 value of assets other than the Minnesota postretirement investment fund between ~~the~~
29.12 June 30 ~~that occurred two years earlier, 2007,~~ and the June 30 ~~that occurred three years~~
29.13 ~~earlier, 2006,~~ and the computed increase in the market value of assets other than the
29.14 Minnesota postretirement investment fund over that fiscal year period if the assets had
29.15 ~~increased at the percentage preretirement interest rate assumption used in the actuarial~~
29.16 ~~valuation for the July 1 that occurred three years earlier~~ earned a rate of return on assets
29.17 equal to the annual percentage preretirement interest rate assumption used in the actuarial
29.18 valuation for July 1, 2006;

29.19 ~~(3)~~ (iii) 60 percent of the difference between the actual net change in the market
29.20 value of assets other than the Minnesota postretirement investment fund between ~~the~~
29.21 June 30 ~~that occurred one year earlier, 2008,~~ and the June 30 ~~that occurred two years~~
29.22 ~~earlier, 2007,~~ and the computed increase in the market value of assets other than the
29.23 Minnesota postretirement investment fund over that fiscal year period if the assets had
29.24 ~~increased at the percentage preretirement interest rate assumption used in the actuarial~~
29.25 ~~valuation for the July 1 that occurred two years earlier~~ earned a rate of return on assets
29.26 equal to the annual percentage preretirement interest rate assumption used in the actuarial
29.27 valuation for July 1, 2007; and

29.28 ~~(4)~~ (iv) 80 percent of the difference between the actual net change in the market
29.29 value of assets other than the Minnesota postretirement investment fund between ~~the~~
29.30 ~~immediately prior~~ June 30, 2009, and the June 30 ~~that occurred one year earlier, 2008,~~
29.31 and the computed increase in the market value of assets other than the Minnesota
29.32 postretirement investment fund over that fiscal year period if the assets had ~~increased at~~
29.33 ~~the percentage preretirement interest rate assumption used in the actuarial valuation for~~
29.34 ~~the July 1 that occurred one year earlier.~~ earned a rate of return on assets equal to the
29.35 annual percentage preretirement interest rate assumption used in the actuarial valuation
29.36 for July 1, 2008; and

30.1 (v) if applicable, 80 percent of the difference between the actual net change in the
30.2 market value of the Minnesota postretirement investment fund between June 30, 2009,
30.3 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
30.4 year period if the assets had increased at 8.5 percent annually.

30.5 (2) For the July 1, 2010, actuarial valuation, the market value of all assets as of
30.6 June 30, 2010, reduced by:

30.7 (i) 20 percent of the difference between the actual net change in the market value of
30.8 assets other than the Minnesota postretirement investment fund between June 30, 2007,
30.9 and June 30, 2006, and the computed increase in the market value of assets other than the
30.10 Minnesota postretirement investment fund over that fiscal year period if the assets had
30.11 earned a rate of return on assets equal to the annual percentage preretirement interest rate
30.12 assumption used in the actuarial valuation for July 1, 2006;

30.13 (ii) 40 percent of the difference between the actual net change in the market value of
30.14 assets other than the Minnesota postretirement investment fund between June 30, 2008,
30.15 and June 30, 2007, and the computed increase in the market value of assets other than the
30.16 Minnesota postretirement investment fund over that fiscal year period if the assets had
30.17 earned a rate of return on assets equal to the annual percentage preretirement interest rate
30.18 assumption used in the actuarial valuation for July 1, 2007;

30.19 (iii) 60 percent of the difference between the actual net change in the market value
30.20 of assets other than the Minnesota postretirement investment fund between June 30, 2009,
30.21 and June 30, 2008, and the computed increase in the market value of assets other than the
30.22 Minnesota postretirement investment fund over that fiscal year period if the assets had
30.23 earned a rate of return on assets equal to the annual percentage preretirement interest rate
30.24 assumption used in the actuarial valuation for July 1, 2008;

30.25 (iv) 80 percent of the difference between the actual net change in the market value of
30.26 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
30.27 market value of total assets over that fiscal year period if the assets had earned a rate of
30.28 return on assets equal to the annual percentage preretirement interest rate assumption used
30.29 in the actuarial valuation for July 1, 2009; and

30.30 (v) if applicable, 60 percent of the difference between the actual net change in the
30.31 market value of the Minnesota postretirement investment fund between June 30, 2009,
30.32 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
30.33 year period if the assets had increased at 8.5 percent annually.

30.34 (3) For the July 1, 2011, actuarial valuation, the market value of all assets as of
30.35 June 30, 2011, reduced by:

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31.1 (i) 20 percent of the difference between the actual net change in the market value of
31.2 assets other than the Minnesota postretirement investment fund between June 30, 2008,
31.3 and June 30, 2007, and the computed increase in the market value of assets other than the
31.4 Minnesota postretirement investment fund over that fiscal year period if the assets had
31.5 earned a rate of return on assets equal to the annual percentage preretirement interest rate
31.6 assumption used in the actuarial valuation for July 1, 2007;

31.7 (ii) 40 percent of the difference between the actual net change in the market value of
31.8 assets other than the Minnesota postretirement investment fund between June 30, 2009,
31.9 and June 30, 2008, and the computed increase in the market value of assets other than the
31.10 Minnesota postretirement investment fund over that fiscal year period if the assets had
31.11 earned a rate of return on assets equal to the annual percentage preretirement interest rate
31.12 assumption used in the actuarial valuation for July 1, 2008;

31.13 (iii) 60 percent of the difference between the actual net change in the market value
31.14 of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in
31.15 the market value of the total assets over that fiscal year period if the assets had earned
31.16 a rate of return on assets equal to the annual percentage preretirement interest rate
31.17 assumption used in the actuarial valuation for July 1, 2009;

31.18 (iv) 80 percent of the difference between the actual net change in the market value of
31.19 total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
31.20 market value of total assets over that fiscal year period if the assets had earned a rate of
31.21 return on assets equal to the annual percentage preretirement interest rate assumption used
31.22 in the actuarial valuation for July 1, 2010; and

31.23 (v) if applicable, 40 percent of the difference between the actual net change in the
31.24 market value of the Minnesota postretirement investment fund between June 30, 2009,
31.25 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
31.26 year period if the assets had increased at 8.5 percent annually.

31.27 (4) For the July 1, 2012, actuarial valuation, the market value of all assets as of
31.28 June 30, 2012, reduced by:

31.29 (i) 20 percent of the difference between the actual net change in the market value of
31.30 assets other than the Minnesota postretirement investment fund between June 30, 2009,
31.31 and June 30, 2008, and the computed increase in the market value of assets other than the
31.32 Minnesota postretirement investment fund over that fiscal year period if the assets had
31.33 earned a rate of return on assets equal to the annual percentage preretirement interest rate
31.34 assumption used in the actuarial valuation for July 1, 2008;

31.35 (ii) 40 percent of the difference between the actual net change in the market value of
31.36 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the

32.1 market value of total assets over that fiscal year period if the assets had earned a rate of
32.2 return on assets equal to the annual percentage preretirement interest rate assumption used
32.3 in the actuarial valuation for July 1, 2009;

32.4 (iii) 60 percent of the difference between the actual net change in the market value
32.5 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
32.6 market value of total assets over that fiscal year period if the assets had earned a rate of
32.7 return on assets equal to the annual percentage preretirement interest rate assumption used
32.8 in the actuarial valuation for July 1, 2010;

32.9 (iv) 80 percent of the difference between the actual net change in the market value of
32.10 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the
32.11 market value of total assets over that fiscal year period if the assets had earned a rate of
32.12 return on assets equal to the annual percentage preretirement interest rate assumption used
32.13 in the actuarial valuation for July 1, 2011; and

32.14 (v) if applicable, 20 percent of the difference between the actual net change in the
32.15 market value of the Minnesota postretirement investment fund between June 30, 2009,
32.16 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
32.17 year period if the assets had increased at 8.5 percent annually.

32.18 (5) For the July 1, 2013, and following actuarial valuations, the market value of all
32.19 assets as of the preceding June 30, reduced by:

32.20 (i) 20 percent of the difference between the actual net change in the market value
32.21 of total assets between the June 30 that occurred three years earlier and the June 30 that
32.22 occurred four years earlier and the computed increase in the market value of total assets
32.23 over that fiscal year period if the assets had earned a rate of return on assets equal to the
32.24 annual percentage preretirement interest rate assumption used in the actuarial valuation
32.25 for the July 1 that occurred four years earlier;

32.26 (ii) 40 percent of the difference between the actual net change in the market value
32.27 of total assets between the June 30 that occurred two years earlier and the June 30 that
32.28 occurred three years earlier and the computed increase in the market value of total assets
32.29 over that fiscal year period if the assets had earned a rate of return on assets equal to the
32.30 annual percentage preretirement interest rate assumption used in the actuarial valuation
32.31 for the July 1 that occurred three years earlier;

32.32 (iii) 60 percent of the difference between the actual net change in the market value
32.33 of total assets between the June 30 that occurred one year earlier and the June 30 that
32.34 occurred two years earlier and the computed increase in the market value of total assets
32.35 over that fiscal year period if the assets had earned a rate of return on assets equal to the

33.1 annual percentage preretirement interest rate assumption used in the actuarial valuation
33.2 for the July 1 that occurred two years earlier; and

33.3 (iv) 80 percent of the difference between the actual net change in the market value
33.4 of total assets between the most recent June 30 and the June 30 that occurred one year
33.5 earlier and the computed increase in the market value of total assets over that fiscal year
33.6 period if the assets had earned a rate of return on assets equal to the annual percentage
33.7 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
33.8 occurred one year earlier.

33.9 (g) "Unfunded actuarial accrued liability" means the total current and expected
33.10 future benefit obligations, reduced by the sum of the actuarial value of assets and the
33.11 present value of future normal costs.

33.12 (h) "Pension benefit obligation" means the actuarial present value of credited
33.13 projected benefits, determined as the actuarial present value of benefits estimated to be
33.14 payable in the future as a result of employee service attributing an equal benefit amount,
33.15 including the effect of projected salary increases and any step rate benefit accrual rate
33.16 differences, to each year of credited and expected future employee service.

33.17 Sec. 71. Minnesota Statutes 2008, section 356.215, subdivision 11, is amended to read:

33.18 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
33.19 the level normal cost, the actuarial valuation of the retirement plan must contain an
33.20 exhibit for financial reporting purposes indicating the additional annual contribution
33.21 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
33.22 for contribution determination purposes indicating the additional contribution sufficient
33.23 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
33.24 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
33.25 percentage of covered payroll basis by the established date for full funding in effect when
33.26 the valuation is prepared, assuming annual payroll growth at the applicable percentage
33.27 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
33.28 annual contribution must be calculated on a level annual dollar amount basis.

33.29 (b) For any retirement plan other than the Minneapolis Employees Retirement Fund,
33.30 the general employees retirement plan of the Public Employees Retirement Association,
33.31 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in
33.32 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
33.33 change in the benefit plan governing annuities and benefits payable from the fund, a
33.34 change in the actuarial cost method used in calculating the actuarial accrued liability of all
33.35 or a portion of the fund, or a combination of the three, which change or changes by itself

34.1 or by themselves without inclusion of any other items of increase or decrease produce a
34.2 net increase in the unfunded actuarial accrued liability of the fund, the established date for
34.3 full funding is the first actuarial valuation date occurring after June 1, 2020.

34.4 (c) For any retirement plan other than the Minneapolis Employees Retirement
34.5 Fund and the general employees retirement plan of the Public Employees Retirement
34.6 Association, if there has been a change in any or all of the actuarial assumptions used
34.7 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
34.8 governing annuities and benefits payable from the fund, a change in the actuarial cost
34.9 method used in calculating the actuarial accrued liability of all or a portion of the fund,
34.10 or a combination of the three, and the change or changes, by itself or by themselves and
34.11 without inclusion of any other items of increase or decrease, produce a net increase in the
34.12 unfunded actuarial accrued liability in the fund, the established date for full funding must
34.13 be determined using the following procedure:

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

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

34.21 (iii) the unfunded actuarial accrued liability of the fund must be determined in
34.22 accordance with any new plan provisions governing annuities and benefits payable from
34.23 the fund and any new actuarial assumptions and the remaining plan provisions governing
34.24 annuities and benefits payable from the fund and actuarial assumptions in effect before
34.25 the change;

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

34.32 (v) the level annual dollar or level percentage amortization contribution under item
34.33 (iv) must be added to the level annual dollar amortization contribution or level percentage
34.34 calculated under item (ii);

34.35 (vi) the period in which the unfunded actuarial accrued liability amount determined
34.36 in item (iii) is amortized by the total level annual dollar or level percentage amortization

35.1 contribution computed under item (v) must be calculated using the interest assumption
35.2 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
35.3 integral number of years, but not to exceed 30 years from the end of the plan year in
35.4 which the determination of the established date for full funding using the procedure set
35.5 forth in this clause is made and not to be less than the period of years beginning in the
35.6 plan year in which the determination of the established date for full funding using the
35.7 procedure set forth in this clause is made and ending by the date for full funding in effect
35.8 before the change; and

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

35.12 (d) For the Minneapolis Employees Retirement Fund, the established date for full
35.13 funding is June 30, 2020.

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

35.16 (f) For the Teachers Retirement Association, the established date for full funding is
35.17 June 30, 2037.

35.18 (g) For the correctional state employees retirement plan of the Minnesota State
35.19 Retirement System, the established date for full funding is June 30, 2038.

35.20 (h) For the judges retirement plan, the established date for full funding is June
35.21 30, 2038.

35.22 (i) For the public employees police and fire retirement plan, the established date
35.23 for full funding is June 30, 2038.

35.24 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
35.25 full funding is June 30 of the 25th year from the valuation date. In addition to other
35.26 requirements of this chapter, the annual actuarial valuation shall contain an exhibit
35.27 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
35.28 comparing liabilities to the market value of the assets of the fund as of the close of the
35.29 most recent fiscal year.

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

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36.1 ~~(f) In addition to calculating the unfunded actuarial accrued liability of the retirement~~
36.2 ~~plan for financial reporting purposes under paragraphs (a) to (j), the actuarial valuation~~
36.3 ~~of the retirement plan must also include a calculation of the unfunded actuarial accrued~~
36.4 ~~liability of the retirement plan for purposes of determining the amortization contribution~~
36.5 ~~sufficient to amortize the unfunded actuarial liability of the Minnesota Post Retirement~~
36.6 ~~Investment Fund. For this exhibit, the calculation must be the unfunded actuarial accrued~~
36.7 ~~liability net of the postretirement adjustment liability funded from the investment~~
36.8 ~~performance of the Minnesota Post Retirement Investment Fund or the retirement benefit~~
36.9 ~~fund.~~

36.10 Sec. 72. Minnesota Statutes 2008, section 356.351, subdivision 2, is amended to read:

36.11 Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, if approved
36.12 under paragraph (b), the employer may provide an amount up to \$17,000, to an employee
36.13 who terminates service, to be used:

36.14 (1) unless the appointing authority has designated the use under clause (2) or the use
36.15 under clause (3) for the initial retirement incentive applicable to that employing entity
36.16 under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account
36.17 in the health care savings plan established by section 352.98;

36.18 (2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,
36.19 whichever applies, if the appointing authority has designated the use under this clause
36.20 for the initial retirement incentive applicable to that employing entity under Laws 2007,
36.21 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service
36.22 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph
36.23 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph
36.24 (b), whichever applies; or

36.25 (3) if the appointing authority has designated the use under this clause for the initial
36.26 retirement incentive applicable to the employing entity under Laws 2007, chapter 134,
36.27 after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number
36.28 of years from the applicable retirement plan to provide additional benefits, as provided in
36.29 paragraph (d).

36.30 (b) Approval to provide the incentive must be obtained from the commissioner
36.31 of finance if the eligible employee is a state employee and must be obtained from the
36.32 applicable governing board with respect to any other employing entity. An employee is
36.33 eligible for the payment under paragraph (a), clause (2), if the employee uses money from
36.34 a deferred compensation account that, combined with the payment under paragraph (a),
36.35 clause (2), would be sufficient to purchase enough service credit to qualify for retirement

37.1 under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; 354.44,
37.2 subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever applies.

37.3 (c) The cost to purchase service credit under paragraph (a), clause (2), must be
37.4 made in accordance with section 356.551.

37.5 (d) The annuity purchase under paragraph (a), clause (3), must be made using
37.6 annuity factors, as determined by the actuary retained under section 356.214, derived from
37.7 the applicable factors used by the applicable retirement plan ~~to transfer amounts to the~~
37.8 ~~Minnesota postretirement investment fund and~~ to calculate optional annuity forms. The
37.9 purchased annuity must be the actuarial equivalent of the incentive amount.

37.10 Sec. 73. **[356.415] POSTRETIREMENT ADJUSTMENTS; STATEWIDE**
37.11 **RETIREMENT PLANS.**

37.12 Subdivision 1. Annual postretirement adjustments. (a) Retirement annuity,
37.13 disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to
37.14 a postretirement adjustment annually on January 1, as follows:

37.15 (1) a postretirement increase of 2.5 percent must be applied each year, effective
37.16 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
37.17 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
37.18 increase; and

37.19 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
37.20 benefit for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent
37.21 for each month the person has been receiving an annuity or benefit must be applied,
37.22 effective January 1 following the year in which the person has been retired for less than
37.23 12 months.

37.24 (b) The increases provided by this section commence on January 1, 2010.

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

37.28 (d) The retirement annuity payable to a person who retires before becoming eligible
37.29 for Social Security benefits and who has elected the optional payment as provided in
37.30 section 353.29, subdivision 6, or 354.35 must be treated as the sum of a period certain
37.31 retirement annuity and a life retirement annuity for the purposes of any postretirement
37.32 adjustment. The period certain retirement annuity plus the life retirement annuity must be
37.33 the annuity amount payable until age 62 for section 353.29, subdivision 6, or age 62, 65,
37.34 or normal retirement age, as selected by the member at retirement, for an annuity amount

38.1 payable under section 354.35. A postretirement adjustment granted on the period certain
38.2 retirement annuity must terminate when the period certain retirement annuity terminates.

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

38.5 (1) the legislators retirement plan established under chapter 3A;

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

38.8 (3) the general state employees retirement plan of the Minnesota State Retirement
38.9 System established under chapter 352;

38.10 (4) the State Patrol retirement plan established under chapter 352B;

38.11 (5) the elective state officers retirement plan established under chapter 352C;

38.12 (6) the general employees retirement plan of the Public Employees Retirement
38.13 Association established under chapter 353;

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

38.16 (8) the local government correctional employees retirement plan of the Public
38.17 Employees Retirement Association established under chapter 353E;

38.18 (9) the teachers retirement plan established under chapter 354; and

38.19 (10) the judges retirement plan established under chapter 490.

38.20 Sec. 74. Minnesota Statutes 2008, section 490.123, subdivision 1, is amended to read:

38.21 Subdivision 1. **Fund creation; revenue and authorized disbursements.** (a) There
38.22 is created a special fund to be known as the "judges' retirement fund."

38.23 (b) The judges' retirement fund must be credited with all contributions; all interest,
38.24 dividends, and other investment proceeds; and all other income authorized by this chapter
38.25 or other applicable law.

38.26 (c) From this fund there are appropriated the payments authorized by this chapter, in
38.27 the amounts and at the times provided, including the necessary and reasonable expenses of
38.28 the Minnesota State Retirement System in administering the fund ~~and the transfers to the~~
38.29 ~~Minnesota postretirement investment fund.~~

38.30 Sec. 75. Minnesota Statutes 2008, section 490.123, subdivision 3, is amended to read:

38.31 Subd. 3. **Investment.** (a) The executive director of the Minnesota State Retirement
38.32 System shall, from time to time, certify to the State Board of Investment such portions
38.33 of the judges' retirement fund as in the director's judgment may not be required for
38.34 immediate use.

39.1 ~~(b) Assets from the judges' retirement fund must be transferred to the Minnesota~~
39.2 ~~postretirement investment fund for retirement and disability benefits as provided in~~
39.3 ~~sections 11A.18 and 352.119.~~

39.4 ~~(e)~~ (b) The State Board of Investment shall thereupon invest and reinvest sums so
39.5 transferred, or certified, in such securities as are duly authorized legal investments for such
39.6 purposes under section 11A.24 in compliance with sections 356A.04 and 356A.06.

39.7 Sec. 76. Minnesota Statutes 2008, section 490.124, is amended by adding a subdivision
39.8 to read:

39.9 Subd. 14. **Postretirement adjustment eligibility.** A retirement annuity under
39.10 subdivision 1, 3, or 5, a disability benefit under subdivision 4, and a survivor's annuity
39.11 under subdivision 9 or 11 are eligible for postretirement adjustments under section
39.12 356.415.

39.13 Sec. 77. **REPEALER.**

39.14 Minnesota Statutes 2008, sections 11A.041; 11A.18; 11A.181; 352.119, subdivisions
39.15 2, 3, and 4; 352B.26, subdivisions 1 and 3; 353.271; 353A.02, subdivision 20; 353A.09,
39.16 subdivisions 2 and 3; 354.05, subdivision 26; 354.55, subdivision 14; 354.63; 356.41;
39.17 356.431, subdivision 2; 422A.01, subdivision 13; 422A.06, subdivision 4; and 490.123,
39.18 subdivisions 1c and 1e, are repealed.

39.19 Sec. 78. **EFFECTIVE DATE.**

39.20 Sections 1 to 77 are effective July 1, 2009.

39.21 **ARTICLE 2**

39.22 **DISABILITY BENEFIT PROVISION CHANGES**

39.23 Section 1. Minnesota Statutes 2008, section 43A.34, subdivision 4, is amended to read:

39.24 Subd. 4. **Officers exempted.** Notwithstanding any provision to the contrary, (a)
39.25 conservation officers and crime bureau officers who were first employed on or after July
39.26 1, 1973, and who are members of the State Patrol retirement fund by reason of their
39.27 employment, and members of the Minnesota State Patrol Division and Alcohol and
39.28 Gambling Enforcement Division of the Department of Public Safety who are members
39.29 of the State Patrol Retirement Association by reason of their employment, ~~shall~~ may not
39.30 continue employment after attaining the age of 60 years, except for a fractional portion
39.31 of one year that will enable the employee to complete the employee's next full year of
39.32 allowable service as defined pursuant to section ~~352B.01~~ 352B.011, subdivision 3; and (b)

40.1 conservation officers and crime bureau officers who were first employed and are members
40.2 of the State Patrol retirement fund by reason of their employment before July 1, 1973,
40.3 ~~shall~~ may not continue employment after attaining the age of 70 years.

40.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

40.5 Sec. 2. Minnesota Statutes 2008, section 299A.465, subdivision 1, is amended to read:

40.6 Subdivision 1. **Officer or firefighter disabled in line of duty.** (a) This subdivision
40.7 applies to any peace officer or firefighter:

40.8 (1) who the Public Employees Retirement Association or the Minnesota State
40.9 Retirement System determines is eligible to receive a duty disability benefit pursuant to
40.10 section 353.656 or 352B.10, subdivision 1, respectively; or

40.11 (2) who (i) does not qualify to receive disability benefits by operation of the
40.12 eligibility requirements set forth in section 353.656, subdivision 1, paragraph (b), (ii)
40.13 retires pursuant to section 353.651, subdivision 4, or (iii) is a member of a local police or
40.14 salaried firefighters relief association and qualifies for a duty disability benefit under the
40.15 terms of plans of the relief associations, and the peace officer or firefighter described in
40.16 item (i), (ii), or (iii) has discontinued public service as a peace officer or firefighter as a
40.17 result of a disabling injury and has been determined, by the Public Employees Retirement
40.18 Association, to have otherwise met the duty disability criteria set forth in section 353.01,
40.19 subdivision 41.

40.20 (b) A determination made on behalf of a peace officer or firefighter described in
40.21 paragraph (a), clause (2), must be at the request of the peace officer or firefighter made for
40.22 the purposes of this section. Determinations made in accordance with paragraph (a) are
40.23 binding on the peace officer or firefighter, employer, and state. The determination must
40.24 be made by the executive director of the Public Employees Retirement Association or
40.25 by the executive director of the Minnesota State Retirement System, whichever applies,
40.26 and is not subject to section 356.96, subdivision 2. Upon making a determination, the
40.27 executive director shall provide written notice to the peace officer or firefighter and the
40.28 employer. This notice must include:

40.29 (1) a written statement of the reasons for the determination;

40.30 (2) a notice that the person may petition for a review of the determination by
40.31 requesting that a contested case be initiated before the Office of Administrative Hearings,
40.32 the cost of which must be borne by the peace officer or firefighter and the employer; and

40.33 (3) a statement that any person who does not petition for a review within 60 days
40.34 is precluded from contesting issues determined by the executive director in any other
40.35 administrative review or court procedure.

41.1 If, prior to the contested case hearing, additional information is provided to support the
41.2 claim for duty disability as defined in section 353.01, subdivision 41, or 352B.011,
41.3 subdivision 7, whichever applies, the executive director may reverse the determination
41.4 without the requested hearing. If a hearing is held before the Office of Administrative
41.5 Hearings, the determination rendered by the judge conducting the fact-finding hearing
41.6 is a final decision and order under section 14.62, subdivision 2a, and is binding on the
41.7 applicable executive director, the peace officer or firefighter, employer, and state. Review
41.8 of a final determination made by the Office of Administrative Hearings under this section
41.9 may only be obtained by writ of certiorari to the Minnesota Court of Appeals under
41.10 sections 14.63 to 14.68. Only the peace officer or firefighter, employer, and state have
41.11 standing to participate in a judicial review of the decision of the Office of Administrative
41.12 Hearings.

41.13 (c) The officer's or firefighter's employer shall continue to provide health coverage
41.14 for:

41.15 (1) the officer or firefighter; and

41.16 (2) the officer's or firefighter's dependents if the officer or firefighter was receiving
41.17 dependent coverage at the time of the injury under the employer's group health plan.

41.18 (d) The employer is responsible for the continued payment of the employer's
41.19 contribution for coverage of the officer or firefighter and, if applicable, the officer's
41.20 or firefighter's dependents. Coverage must continue for the officer or firefighter and, if
41.21 applicable, the officer's or firefighter's dependents until the officer or firefighter reaches or,
41.22 if deceased, would have reached the age of 65. However, coverage for dependents does
41.23 not have to be continued after the person is no longer a dependent.

41.24 **EFFECTIVE DATE.** This section is effective the day following final enactment
41.25 and also applies to any member of the State Patrol retirement plan who was awarded a
41.26 duty disability benefit on or after July 1, 2008.

41.27 Sec. 3. Minnesota Statutes 2008, section 352.01, subdivision 2b, is amended to read:

41.28 Subd. 2b. **Excluded employees.** "State employee" does not include:

41.29 (1) students employed by the University of Minnesota, or the state colleges and
41.30 universities, unless approved for coverage by the Board of Regents of the University of
41.31 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
41.32 whichever is applicable;

41.33 (2) employees who are eligible for membership in the state Teachers Retirement
41.34 Association, except employees of the Department of Education who have chosen or may

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42.1 choose to be covered by the general state employees retirement plan of the Minnesota
42.2 State Retirement System instead of the Teachers Retirement Association;

42.3 (3) employees of the University of Minnesota who are excluded from coverage by
42.4 action of the Board of Regents;

42.5 (4) officers and enlisted personnel in the National Guard and the naval militia who
42.6 are assigned to permanent peacetime duty and who under federal law are or are required to
42.7 be members of a federal retirement system;

42.8 (5) election officers;

42.9 (6) persons who are engaged in public work for the state but who are employed
42.10 by contractors when the performance of the contract is authorized by the legislature or
42.11 other competent authority;

42.12 (7) officers and employees of the senate, or of the house of representatives, or of a
42.13 legislative committee or commission who are temporarily employed;

42.14 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
42.15 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
42.16 employed by the Department of Labor and Industry;

42.17 (9) patient and inmate help in state charitable, penal, and correctional institutions
42.18 including the Minnesota Veterans Home;

42.19 (10) persons who are employed for professional services where the service is
42.20 incidental to their regular professional duties and whose compensation is paid on a per
42.21 diem basis;

42.22 (11) employees of the Sibley House Association;

42.23 (12) the members of any state board or commission who serve the state intermittently
42.24 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
42.25 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
42.26 from serving more than three years; and the board of managers of the State Agricultural
42.27 Society and its treasurer unless the treasurer is also its full-time secretary;

42.28 (13) state troopers and persons who are described in section ~~352B.01, subdivision 2~~
42.29 352B.011, subdivision 10, clauses (2) to ~~(6)~~ (8);

42.30 (14) temporary employees of the Minnesota State Fair who are employed on or
42.31 after July 1 for a period not to extend beyond October 15 of that year; and persons who
42.32 are employed at any time by the state fair administration for special events held on the
42.33 fairgrounds;

42.34 (15) emergency employees who are in the classified service; except that if an
42.35 emergency employee, within the same pay period, becomes a provisional or probationary

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43.1 employee on other than a temporary basis, the employee ~~shall~~ must be considered a "state
43.2 employee" retroactively to the beginning of the pay period;

43.3 (16) temporary employees in the classified service, and temporary employees in the
43.4 unclassified service who are appointed for a definite period of not more than six months
43.5 and who are employed less than six months in any one-year period;

43.6 (17) interns hired for six months or less and trainee employees, except those listed in
43.7 subdivision 2a, clause (8);

43.8 (18) persons whose compensation is paid on a fee basis or as an independent
43.9 contractor;

43.10 (19) state employees who are employed by the Board of Trustees of the Minnesota
43.11 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
43.12 subdivision 1, clause (9);

43.13 (20) state employees who in any year have credit for 12 months service as teachers
43.14 in the public schools of the state and as teachers are members of the Teachers Retirement
43.15 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
43.16 incidental employment as a state employee that is not covered by one of the teacher
43.17 retirement associations or systems;

43.18 (21) employees of the adjutant general who are employed on an unlimited
43.19 intermittent or temporary basis in the classified or unclassified service for the support of
43.20 Army and Air National Guard training facilities;

43.21 (22) chaplains and nuns who are excluded from coverage under the federal Old
43.22 Age, Survivors, Disability, and Health Insurance Program for the performance of service
43.23 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
43.24 irrevocable election of coverage has been made under section 3121(r) of the Internal
43.25 Revenue Code of 1986, as amended through December 31, 1992;

43.26 (23) examination monitors who are employed by departments, agencies,
43.27 commissions, and boards to conduct examinations required by law;

43.28 (24) persons who are appointed to serve as members of fact-finding commissions or
43.29 adjustment panels, arbitrators, or labor referees under chapter 179;

43.30 (25) temporary employees who are employed for limited periods under any state or
43.31 federal program for training or rehabilitation, including persons who are employed for
43.32 limited periods from areas of economic distress, but not including skilled and supervisory
43.33 personnel and persons having civil service status covered by the system;

43.34 (26) full-time students who are employed by the Minnesota Historical Society
43.35 intermittently during part of the year and full-time during the summer months;

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44.1 (27) temporary employees who are appointed for not more than six months, of
44.2 the Metropolitan Council and of any of its statutory boards, if the board members are
44.3 appointed by the Metropolitan Council;

44.4 (28) persons who are employed in positions designated by the Department of
44.5 Finance as student workers;

44.6 (29) members of trades who are employed by the successor to the Metropolitan
44.7 Waste Control Commission, who have trade union pension plan coverage under a
44.8 collective bargaining agreement, and who are first employed after June 1, 1977;

44.9 (30) off-duty peace officers while employed by the Metropolitan Council;

44.10 (31) persons who are employed as full-time police officers by the Metropolitan
44.11 Council and as police officers are members of the public employees police and fire fund;

44.12 (32) persons who are employed as full-time firefighters by the Department of Military
44.13 Affairs and as firefighters are members of the public employees police and fire fund;

44.14 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
44.15 valid for less than three years of employment, unless notice of extension is supplied which
44.16 allows them to work for three or more years as of the date the extension is granted, in
44.17 which case they are eligible for coverage from the date extended; and

44.18 (34) persons who are employed by the Board of Trustees of the Minnesota State
44.19 Colleges and Universities and who elected to remain members of the Public Employees
44.20 Retirement Association or the Minneapolis Employees Retirement Fund, whichever
44.21 applies, under Minnesota Statutes 1994, section 136C.75.

44.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

44.23 Sec. 4. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
44.24 to read:

44.25 **Subd. 17a. Occupational disability.** "Occupational disability," for purposes of
44.26 determining eligibility for disability benefits for a correctional employee, means a
44.27 disabling condition that is expected to prevent the correctional employee, for a period of
44.28 not less than 12 months, from performing the normal duties of the position held by the
44.29 correctional employee.

44.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

44.31 Sec. 5. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
44.32 to read:

45.1 Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical
45.2 or psychological," for a correctional employee, means an occupational disability that is the
45.3 direct result of an injury incurred during, or a disease arising out of, the performance of
45.4 normal duties or the performance of less frequent duties either of which are specific to
45.5 the correctional employee.

45.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.7 Sec. 6. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
45.8 to read:

45.9 Subd. 17c. **Regular disability, physical or psychological.** "Regular disability,
45.10 physical or psychological," for a correctional employee, means an occupational disability
45.11 resulting from a disease or an injury that arises from any activities while not at work or
45.12 from activities while at work performing normal or less frequent duties that do not present
45.13 inherent dangers specific to covered correctional positions.

45.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.15 Sec. 7. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
45.16 to read:

45.17 Subd. 17d. **Normal duties.** "Normal duties" means specific tasks designated in the
45.18 applicant's job description and which the applicant performs on a day-to-day basis, but
45.19 do not include less frequent duties which may be requested to be done by the employer
45.20 from time to time.

45.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.22 Sec. 8. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
45.23 to read:

45.24 Subd. 17e. **Less frequent duties.** "Less frequent duties" means tasks designated
45.25 in the applicant's job description as either required from time to time or as assigned, but
45.26 which are not carried out as part of the normal routine of the applicant's job.

45.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.28 Sec. 9. Minnesota Statutes 2008, section 352.113, subdivision 4, is amended to read:

46.1 Subd. 4. **Medical or psychological examinations; authorization for payment of**
46.2 **benefit.** (a) An applicant shall provide medical, chiropractic, or psychological evidence to
46.3 support an application for total and permanent disability.

46.4 (b) The director shall have the employee examined by at least one additional
46.5 licensed chiropractor, physician, or psychologist designated by the medical adviser. The
46.6 chiropractors, physicians, or psychologists shall make written reports to the director
46.7 concerning the employee's disability including expert opinions as to whether the employee
46.8 is permanently and totally disabled within the meaning of section 352.01, subdivision 17.

46.9 (c) The director shall also obtain written certification from the employer stating
46.10 whether the employment has ceased or whether the employee is on sick leave of
46.11 absence because of a disability that will prevent further service to the employer and as a
46.12 consequence the employee is not entitled to compensation from the employer.

46.13 (d) The medical adviser shall consider the reports of the physicians, psychologists,
46.14 and chiropractors and any other evidence supplied by the employee or other interested
46.15 parties. If the medical adviser finds the employee totally and permanently disabled, the
46.16 adviser shall make appropriate recommendation to the director in writing together with the
46.17 date from which the employee has been totally disabled. The director shall then determine
46.18 if the disability occurred within ~~180 days~~ 18 months of filing the application, while still
46.19 in the employment of the state, and the propriety of authorizing payment of a disability
46.20 benefit as provided in this section.

46.21 (e) A terminated employee may apply for a disability benefit within ~~180 days~~ 18
46.22 months of termination as long as the disability occurred while in the employment of the
46.23 state. The fact that an employee is placed on leave of absence without compensation
46.24 because of disability does not bar that employee from receiving a disability benefit.

46.25 (f) Unless the payment of a disability benefit has terminated because the employee is
46.26 no longer totally disabled, or because the employee has reached normal retirement age as
46.27 provided in this section, the disability benefit must cease with the last payment received
46.28 by the disabled employee or which had accrued during the lifetime of the employee unless
46.29 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
46.30 benefit for the calendar month in which the disabled employee died.

46.31 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
46.32 benefit applicants whose last day of public employment was after June 30, 2009.

46.33 Sec. 10. Minnesota Statutes 2008, section 352.95, subdivision 1, is amended to read:

46.34 Subdivision 1. ~~Job-related disability~~ **Duty disability; computation of benefit.**

46.35 A covered correctional employee who ~~becomes disabled and who is expected to be~~

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47.1 ~~physically or mentally unfit to perform the duties of the position for at least one year as a~~
47.2 ~~direct result of an injury, sickness, or other disability that incurred in or arose out of any~~
47.3 ~~act of duty that makes the employee physically or mentally unable to perform the duties is~~
47.4 determined to have a duty disability, physical or psychological, as defined under section
47.5 352.01, subdivision 17b, is entitled to a duty disability benefit. The duty disability benefit
47.6 ~~may~~ must be based on covered correctional service only. The duty disability benefit
47.7 amount is 50 percent of the average salary defined in section 352.93, plus an additional
47.8 percent equal to that specified in section 356.315, subdivision 5, for each year of covered
47.9 correctional service in excess of 20 years, ten months, prorated for completed months.

47.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

47.11 Sec. 11. Minnesota Statutes 2008, section 352.95, subdivision 2, is amended to read:

47.12 Subd. 2. ~~Non-job-related~~ **Regular disability; computation of benefit.** A covered
47.13 correctional employee who was hired before July 1, 2009, after rendering at least one year
47.14 of covered correctional service, or a covered correctional employee who was first hired
47.15 after June 30, 2009, after rendering at least three years of covered correctional plan service,
47.16 ~~becomes disabled and who is expected to be physically or mentally unfit to perform the~~
47.17 ~~duties of the position for at least one year because of sickness or injury that occurred while~~
47.18 ~~not engaged in covered employment~~ and who is determined to have a regular disability,
47.19 physical or psychological, as defined under section 352.01, subdivision 17c, is entitled
47.20 to a regular disability benefit. The regular disability benefit must be based on covered
47.21 correctional service only. The regular disability benefit must be computed as provided
47.22 in section 352.93, subdivisions 1 and 2, ~~and~~. The regular disability benefit of a covered
47.23 correctional employee who was first hired before July 1, 2009, and who is determined
47.24 to have a regular disability, physical or psychological, under this subdivision must be
47.25 computed as though the employee had at least 15 years of covered correctional service.

47.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

47.27 Sec. 12. Minnesota Statutes 2008, section 352.95, subdivision 3, is amended to read:

47.28 Subd. 3. **Applying for benefits; accrual.** No application for disability benefits
47.29 ~~shall~~ may be made until after the last day physically on the job. The disability benefit
47.30 ~~shall begin~~ begins to accrue the day following the last day for which the employee is paid
47.31 sick leave or annual leave, but not earlier than 180 days before the date the application
47.32 is filed. A terminated employee must file a written application within the time frame
47.33 specified under section 352.113, subdivision 4, paragraph (e).

48.1 EFFECTIVE DATE. This section is effective July 1, 2009, and applies to disability
48.2 benefit applicants whose last day of public employment was after June 30, 2009.

48.3 Sec. 13. Minnesota Statutes 2008, section 352.95, subdivision 4, is amended to read:

48.4 Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide
48.5 medical, chiropractic, or psychological evidence to support an application for disability
48.6 benefits. The director shall have the employee examined by at least one additional
48.7 licensed physician, chiropractor, or psychologist who is designated by the medical adviser.
48.8 The physicians, chiropractors, or psychologists with respect to a mental impairment,
48.9 shall make written reports to the director concerning the question of the employee's
48.10 disability, including their expert opinions as to whether the employee ~~is disabled~~ has an
48.11 occupational disability within the meaning of this section 352.01, subdivision 17a, and
48.12 whether the employee has a duty disability, physical or psychological, under section
48.13 352.01, subdivision 17b, or has a regular disability, physical or psychological, under
48.14 section 352.01, subdivision 17c. The director shall also obtain written certification from
48.15 the employer stating whether or not the employee is on sick leave of absence because of a
48.16 disability that will prevent further service to the employer performing normal duties as
48.17 defined in section 352.01, subdivision 17d, or performing less frequent duties as defined in
48.18 section 352.01, subdivision 17e, and as a consequence, the employee is not entitled to
48.19 compensation from the employer.

48.20 (b) If, on considering the reports by the physicians, chiropractors, or psychologists
48.21 and any other evidence supplied by the employee or others, the medical adviser finds that
48.22 the employee ~~disabled~~ has an occupational disability within the meaning of this section
48.23 352.01, subdivision 17a, the advisor shall make the appropriate recommendation to the
48.24 director, in writing, together with the date from which the employee has been disabled.
48.25 The director shall then determine the propriety of authorizing payment of a duty disability
48.26 benefit or a regular disability benefit as provided in this section.

48.27 (c) Unless the payment of a disability benefit has terminated because the employee
48.28 ~~is no longer disabled~~ has an occupational disability, or because the employee has reached
48.29 either age ~~65~~ 55 or the five-year anniversary of the effective date of the disability benefit,
48.30 whichever is later, the disability benefit must cease with the last payment which was
48.31 received by the disabled employee or which had accrued during the employee's lifetime.
48.32 While disability benefits are paid, the director has the right, at reasonable times, to
48.33 require the disabled employee to submit proof of the continuance of ~~the~~ an occupational
48.34 disability claimed. If any examination indicates to the medical adviser that the employee
48.35 ~~is no longer disabled~~ has an occupational disability, the disability payment must be

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49.1 discontinued upon the person's reinstatement to state service or within 60 days of the
49.2 finding, whichever is sooner.

49.3 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
49.4 benefit applicants whose last day of public employment was after June 30, 2009.

49.5 Sec. 14. Minnesota Statutes 2008, section 352.95, subdivision 5, is amended to read:

49.6 Subd. 5. **Retirement status at normal retirement age.** The disability benefit paid
49.7 to a disabled correctional employee under this section ~~shall terminate~~ terminates at the end
49.8 of the month in which the employee reaches age ~~65~~ 55, or the five-year anniversary of
49.9 the effective date of the disability benefit, whichever is later. If the disabled correctional
49.10 employee is still disabled when the employee reaches age ~~65~~ 55, or the five-year
49.11 anniversary of the effective date of the disability benefit, whichever is later, the employee
49.12 ~~shall~~ must be deemed to be a retired employee. If the employee had elected an optional
49.13 annuity under subdivision 1a, the employee shall receive an annuity in accordance with
49.14 the terms of the optional annuity previously elected. If the employee had not elected an
49.15 optional annuity under subdivision 1a, the employee may within 90 days of attaining age
49.16 ~~65~~ 55 or reaching the five-year anniversary of the effective date of the disability benefit,
49.17 whichever is later, either elect to receive a normal retirement annuity computed in the
49.18 manner provided in section 352.93 or elect to receive an optional annuity as provided
49.19 in section 352.116, subdivision 3, based on the same length of service as used in the
49.20 calculation of the disability benefit. Election of an optional annuity must be made within
49.21 90 days before attaining age ~~65~~ 55 or reaching the five-year anniversary of the effective
49.22 date of the disability benefit, whichever is later. If an optional annuity is elected, the
49.23 optional annuity ~~shall begin~~ begins to accrue on the first of the month following the month
49.24 in which the employee reaches age ~~65~~ 55 or the five-year anniversary of the effective date
49.25 of the disability benefit, whichever is later.

49.26 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
49.27 benefit applicants whose last day of public employment was after June 30, 2009.

49.28 Sec. 15. **[352B.011] DEFINITIONS.**

49.29 Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this
49.30 section have the meanings given them.

49.31 Subd. 2. **Accumulated deductions.** "Accumulated deductions" means the total
49.32 sums deducted from the salary of a member and the total amount of assessments paid by

50.1 a member in place of deductions and credited to the member's individual account as
50.2 permitted by law without interest.

50.3 Subd. 3. **Allowable service.** (a) "Allowable service" means:

50.4 (1) service in a month during which a member is paid a salary from which a member
50.5 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

50.6 (2) for members defined in subdivision 10, clause (1), service in any month for
50.7 which payments have been made to the State Patrol retirement fund under law; and

50.8 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
50.9 payments have been made to the State Patrol retirement fund under law, service for which
50.10 payments were made to the State Police officers retirement fund under law after June
50.11 30, 1961, and all prior service which was credited to a member for service on or before
50.12 June 30, 1961.

50.13 (b) Allowable service also includes any period of absence from duty by a member
50.14 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
50.15 for which disability the state is liable under the workers' compensation law, until the date
50.16 authorized by the executive director for commencement of payment of a disability benefit
50.17 or until the date of a return to employment.

50.18 Subd. 4. **Average monthly salary.** (a) Subject to the limitations of section 356.611,
50.19 "average monthly salary" means the average of the highest monthly salaries for five
50.20 years of service as a member upon which contributions were deducted from pay under
50.21 section 352B.02, or upon which appropriate contributions or payments were made to
50.22 the fund to receive allowable service and salary credit as specified under the applicable
50.23 law. Average monthly salary must be based upon all allowable service if this service is
50.24 less than five years.

50.25 (b) The salary used for the calculation of "average monthly salary" means the
50.26 salary of the member as defined in section 352.01, subdivision 13. The salary used for
50.27 the calculation of "average monthly salary" does not include any lump-sum annual leave
50.28 payments and overtime payments made at the time of separation from state service, any
50.29 amounts of severance pay, or any reduced salary paid during the period the person is
50.30 entitled to workers' compensation benefit payments for temporary disability.

50.31 Subd. 5. **Department head.** "Department head" means the head of any department,
50.32 institution, or branch of the state service that directly pays salaries from state funds
50.33 to a member who prepares, approves, and submits salary abstracts of employees to the
50.34 commissioner of Minnesota Management and Budget.

51.1 Subd. 6. **Dependent child.** "Dependent child" means a natural or adopted unmarried
51.2 child of a deceased member under the age of 18 years, including any child of the member
51.3 conceived during the lifetime of the member and born after the death of the member.

51.4 Subd. 7. **Duty disability.** "Duty disability" means a physical or psychological
51.5 condition that is expected to prevent a member, for a period of not less than 12 months,
51.6 from performing the normal duties of the position held by the person as a member of the
51.7 State Patrol retirement fund, and that is the direct result of any injury incurred during, or a
51.8 disease arising out of, the performance of normal duties or the actual performance of less
51.9 frequent duties, either of which are specific to protecting the property and personal safety
51.10 of others and that present inherent dangers that are specific to the positions covered by
51.11 the State Patrol retirement fund.

51.12 Subd. 8 **Fund.** "Fund" means the State Patrol retirement fund.

51.13 Subd. 9. **Less frequent duties.** "Less frequent duties" means tasks which are
51.14 designated in the member's job description as either required from time to time or as
51.15 assigned, but which are not carried out as part of the normal routine of the member's
51.16 position.

51.17 Subd. 10. **Member.** "Member" means:

51.18 (1) a State Patrol member currently employed under section 299D.03 by the state,
51.19 who is a peace officer under section 626.84, and whose salary or compensation is paid
51.20 out of state funds;

51.21 (2) a conservation officer employed under section 97A.201, currently employed by
51.22 the state, whose salary or compensation is paid out of state funds;

51.23 (3) a crime bureau officer who was employed by the crime bureau and was a member
51.24 of the Highway Patrolmen's retirement fund on July 1, 1978, whether or not that person
51.25 has the power of arrest by warrant after that date, or who is employed as police personnel,
51.26 with powers of arrest by warrant under section 299C.04, and who is currently employed
51.27 by the state, and whose salary or compensation is paid out of state funds;

51.28 (4) a person who is employed by the state in the Department of Public Safety in a
51.29 data processing management position with salary or compensation paid from state funds,
51.30 who was a crime bureau officer covered by the State Patrol retirement plan on August
51.31 15, 1987, and who was initially hired in the data processing management position within
51.32 the department during September 1987, or January 1988, with membership continuing
51.33 for the duration of the person's employment in that position, whether or not the person
51.34 has the power of arrest by warrant after August 15, 1987;

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52.1 (5) a public safety employee who is a peace officer under section 626.84, subdivision
52.2 1, paragraph (c), and who is employed by the Division of Alcohol and Gambling
52.3 Enforcement under section 299L.01;

52.4 (6) a Fugitive Apprehension Unit officer after October 31, 2000, who is employed
52.5 by the Office of Special Investigations of the Department of Corrections and who is a
52.6 peace officer under section 626.84;

52.7 (7) an employee of the Department of Commerce defined as a peace officer in section
52.8 626.84, subdivision 1, paragraph (c), who is employed by the Division of Insurance Fraud
52.9 Prevention under section 45.0135 after January 1, 2005, and who has not attained the
52.10 mandatory retirement age specified in section 43A.34, subdivision 4; and

52.11 (8) an employee of the Department of Public Safety, who is a licensed peace officer
52.12 under section 626.84, subdivision 1, paragraph (c), and is employed as the statewide
52.13 coordinator of the Gang and Drug Oversight Council.

52.14 Subd. 11. **Normal duties.** "Normal duties" means specific tasks which are
52.15 designated in the member's job description and which the applicant performs on a
52.16 day-to-day basis, but do not include less frequent duties which may be requested to be
52.17 done by the employer from time to time.

52.18 Subd. 12. **Regular disability.** "Regular disability" means a physical or
52.19 psychological condition that is expected to prevent a member, for a period of not less than
52.20 12 months, from performing the normal duties of the position held by a person who is a
52.21 member of the State Patrol retirement plan, and which results from a disease or an injury
52.22 that arises from any activities while not at work, or while at work and performing those
52.23 normal or less frequent duties that do not present inherent dangers that are specific to the
52.24 occupations covered by the State Patrol retirement plan.

52.25 Subd. 13. **Surviving spouse.** "Surviving spouse" means a member's or former
52.26 member's legally married spouse who resided with the member or former member at the
52.27 time of death and was married to the member or former member, for a period of at least
52.28 one year, during or before the time of membership.

52.29 **EFFECTIVE DATE.** (a) Except as provided in paragraph (b), this section is
52.30 effective July 1, 2009.

52.31 (b) Subdivision 3, paragraph (a), clause (1), is effective retroactively from July
52.32 1, 1969, and allowable service on the records of the State Patrol retirement plan credit
52.33 consistent with that provision is validated.

52.34 Sec. 16. Minnesota Statutes 2008, section 352B.02, subdivision 1, is amended to read:

53.1 Subdivision 1. **Fund created; membership.** A State Patrol retirement fund is
53.2 established. Its membership consists of all persons defined in section ~~352B.01, subdivision~~
53.3 ~~2~~ 352B.011, subdivision 10.

53.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

53.5 Sec. 17. **[352B.085] SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES**
53.6 **OF ABSENCE.**

53.7 A member on leave of absence receiving temporary workers' compensation
53.8 payments and a reduced salary or no salary from the employer who is entitled to allowable
53.9 service credit for the period of absence under section 352B.011, subdivision 3, paragraph
53.10 (b), may make payment to the fund for the difference between salary received, if any,
53.11 and the salary that the member would normally receive if the member was not on leave
53.12 of absence during the period. The member shall pay an amount equal to the member
53.13 and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on
53.14 the differential salary amount for the period of the leave of absence. The employing
53.15 department, at its option, may pay the employer amount on behalf of the member. Payment
53.16 made under this subdivision must include interest at the rate of 8.5 percent per year, and
53.17 must be completed within one year of the member's return from the leave of absence.

53.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

53.19 Sec. 18. **[352B.086] SERVICE CREDIT FOR UNIFORMED SERVICE.**

53.20 (a) A member who is absent from employment by reason of service in the uniformed
53.21 services, as defined in United States Code, title 38, section 4303(13), and who returns to
53.22 state employment in a position covered by the plan upon discharge from service in the
53.23 uniformed services within the time frame required in United States Code, title 38, section
53.24 4312(e), may obtain service credit for the period of the uniformed service, provided that
53.25 the member did not separate from uniformed service with a dishonorable or bad conduct
53.26 discharge or under other than honorable conditions.

53.27 (b) The member may obtain credit by paying into the fund an equivalent member
53.28 contribution based on the member contribution rate or rates in effect at the time that
53.29 the uniformed service was performed multiplied by the full and fractional years being
53.30 purchased and applied to the annual salary rate. The annual salary rate is the average
53.31 annual salary during the purchase period that the member would have received if the
53.32 member had continued to provide employment services to the state rather than to provide
53.33 uniformed service, or if the determination of that rate is not reasonably certain, the annual

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54.1 salary rate is the member's average salary rate during the 12-month period of covered
54.2 employment rendered immediately preceding the purchase period.

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

54.8 (d) If the member equivalent contributions provided for in this subdivision are not
54.9 paid in full, the member's allowable service credit must be prorated by multiplying the
54.10 full and fractional number of years of uniformed service eligible for purchase by the
54.11 ratio obtained by dividing the total member contributions received by the total member
54.12 contributions otherwise required under this subdivision.

54.13 (e) To receive allowable service credit under this subdivision, the contributions
54.14 specified in this section must be transmitted to the fund during the period which begins
54.15 with the date on which the individual returns to state employment covered by the plan and
54.16 which has a duration of three times the length of the uniformed service period, but not
54.17 to exceed five years. If the determined payment period is calculated to be less than one
54.18 year, the contributions required under this subdivision to receive service credit may be
54.19 within one year from the discharge date.

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

54.23 (g) The employing unit shall pay interest on all equivalent member and employer
54.24 contribution amounts payable under this section. Interest must be computed at a rate of
54.25 8.5 percent compounded annually from the end of each fiscal year of the leave or break in
54.26 service to the end of the month in which payment is received.

54.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.

54.28 Sec. 19. Minnesota Statutes 2008, section 352B.10, subdivision 1, is amended to read:

54.29 Subdivision 1. ~~Injuries; payment amounts~~ **Duty disability.** A member who
54.30 ~~becomes disabled and who is expected to be physically or mentally unfit to perform duties~~
54.31 ~~for at least one year as a direct result of an injury, sickness, or other disability that incurred~~
54.32 ~~in or arose out of any act of duty~~ is determined to qualify for duty disability as defined in
54.33 section 352B.011, subdivision 7, is entitled to receive a duty disability ~~benefits~~ benefit
54.34 while disabled. The benefits must be paid in monthly ~~installments~~. The duty disability
54.35 benefit is an amount equal to the member's average monthly salary multiplied by 60

55.1 percent, plus an additional percent equal to that specified in section 356.315, subdivision
55.2 6, for each year and pro rata for completed months of service in excess of 20 years, if any.

55.3 **EFFECTIVE DATE.** This section is effective July 1, 2009.

55.4 Sec. 20. Minnesota Statutes 2008, section 352B.10, subdivision 2, is amended to read:

55.5 Subd. 2. ~~Disabled while not on duty~~ **Regular disability benefit.** If A member with
55.6 at least one year of service ~~becomes disabled and is expected to be physically or mentally~~
55.7 ~~unfit to perform the duties of the position for at least one year because of sickness or injury~~
55.8 ~~that occurred while not engaged in covered employment, the individual who qualifies for~~
55.9 a regular disability benefit as defined in section 352B.011, subdivision 12, is entitled to
55.10 a regular disability benefits benefit. The regular disability benefit must be computed as if
55.11 the individual were 55 years old at the date of disability and as if the annuity was payable
55.12 under section 352B.08. If a regular disability under this subdivision occurs after one year
55.13 of service but before 15 years of service, the regular disability benefit must be computed
55.14 as though the individual had credit for 15 years of service.

55.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

55.16 Sec. 21. Minnesota Statutes 2008, section 352B.10, is amended by adding a
55.17 subdivision to read:

55.18 Subd. 2a. **Applying for benefits; accrual.** No application for disability benefits
55.19 shall be made until after the last day physically on the job. The disability benefit begins to
55.20 accrue the day following the last day for which the employee is paid sick leave or annual
55.21 leave but not earlier than 180 days before the date the application is filed. A member
55.22 who is terminated must file a written application within the time frame specified under
55.23 section 352.113, subdivision 4, paragraph (e).

55.24 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
55.25 benefit applicants whose last day of public employment was after June 30, 2009.

55.26 Sec. 22. Minnesota Statutes 2008, section 352B.10, subdivision 5, is amended to read:

55.27 Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship
55.28 coverage under section 352B.11, subdivisions 2b and 2c, the normal disability benefit or
55.29 an optional annuity as provided in section 352B.08, subdivision 3. The choice of an
55.30 optional annuity must be made in writing, on a form prescribed by the executive director,
55.31 and must be made before the commencement of the payment of the disability benefit, or
55.32 within 90 days before reaching age ~~65~~ 55 or before reaching the five-year anniversary

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56.1 of the effective date of the disability benefit, whichever is later. The optional annuity
56.2 is effective on the date on which the disability benefit begins to accrue, or the month
56.3 following the attainment of age ~~65~~55 or following the five-year anniversary of the
56.4 effective date of the disability benefit, whichever is later.

56.5 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
56.6 benefit applicants whose last day of public employment was after June 30, 2009.

56.7 Sec. 23. Minnesota Statutes 2008, section 352B.11, subdivision 2, is amended to read:

56.8 Subd. 2. **Death; payment to dependent children; family maximums.** (a) Each
56.9 dependent child, as defined in section ~~352B.01, subdivision 10~~ 352B.011, subdivision 6, is
56.10 entitled to receive a monthly annuity equal to ten percent of the average monthly salary
56.11 of the deceased member.

56.12 (b) A dependent child over 18 and under 23 years of age also may receive the
56.13 monthly benefit provided in this section if the child is continuously attending an accredited
56.14 school as a full-time student during the normal school year as determined by the director.
56.15 If the child does not continuously attend school, but separates from full-time attendance
56.16 during any part of a school year, the annuity must cease at the end of the month of
56.17 separation.

56.18 (c) In addition, a payment of \$20 per month must be prorated equally to the
56.19 surviving dependent children when the former member is survived by more than one
56.20 dependent child.

56.21 (d) Payments for the benefit of any dependent child must be made to the surviving
56.22 spouse, or if there is none, to the legal guardian of the child.

56.23 (e) The monthly benefit for any one family, including a surviving spouse benefit, if
56.24 applicable, must not be less than 50 percent nor exceed 70 percent of the average monthly
56.25 salary of the deceased member.

56.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

56.27 Sec. 24. **REPEALER.**

56.28 Minnesota Statutes 2008, section 352B.01, subdivisions 1, 2, 3, 3b, 4, 6, 7, 9, 10,
56.29 and 11, are repealed.

56.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

ARTICLE 3

STATE CORRECTIONAL RETIREMENT PLAN

MEMBERSHIP CHANGES

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Section 1. Minnesota Statutes 2008, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are:

(1) automotive mechanic;

(2) baker;

~~(2)~~ (3) central services administrative specialist, intermediate;

~~(3)~~ (4) central services administrative specialist, principal;

~~(4)~~ (5) chaplain;

~~(5)~~ (6) chief cook;

~~(6)~~ (7) cook;

~~(7)~~ (8) cook coordinator;

~~(8)~~ (9) corrections program therapist 1;

~~(9)~~ (10) corrections program therapist 2;

~~(10)~~ (11) corrections program therapist 3;

~~(11)~~ (12) corrections program therapist 4;

~~(12)~~ (13) corrections inmate program coordinator;

~~(13)~~ (14) corrections transitions program coordinator;

~~(14)~~ (15) corrections security caseworker;

~~(15)~~ (16) corrections security caseworker career;

~~(16)~~ (17) corrections teaching assistant;

~~(17)~~ (18) delivery van driver;

~~(18)~~ (19) dentist;

~~(19)~~ (20) electrician supervisor;

~~(20)~~ (21) general maintenance worker lead;

~~(21)~~ (22) general repair worker;

~~(22)~~ (23) library/information research services specialist;

~~(23)~~ (24) library/information research services specialist senior;

~~(24)~~ (25) library technician;

- 58.1 ~~(25)~~ (26) painter lead;
- 58.2 ~~(26)~~ (27) plant maintenance engineer lead;
- 58.3 ~~(27)~~ (28) plumber supervisor;
- 58.4 ~~(28)~~ (29) psychologist 1;
- 58.5 ~~(29)~~ (30) psychologist 3;
- 58.6 ~~(30)~~ (31) recreation therapist;
- 58.7 ~~(31)~~ (32) recreation therapist coordinator;
- 58.8 ~~(32)~~ (33) recreation program assistant;
- 58.9 ~~(33)~~ (34) recreation therapist senior;
- 58.10 ~~(34)~~ (35) sports medicine specialist;
- 58.11 ~~(35)~~ (36) work therapy assistant;
- 58.12 ~~(36)~~ (37) work therapy program coordinator; and
- 58.13 ~~(37)~~ (38) work therapy technician.

58.14 **EFFECTIVE DATE.** This section is effective retroactively from May 29, 2007.

58.15 Sec. 2. **MSRS-CORRECTIONAL; ELIMINATION OF CERTAIN POSITION**

58.16 **FROM COVERAGE.**

58.17 Notwithstanding any provision of Minnesota Statutes, section 352.91, to the contrary,

58.18 including Minnesota Statutes, section 352.91, subdivision 2, "covered correctional service"

58.19 does not mean service rendered by a state employee as an automotive mechanic lead.

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

58.21 **ARTICLE 4**

58.22 **ADMINISTRATIVE PROVISIONS**

58.23 Section 1. Minnesota Statutes 2008, section 43A.346, subdivision 2, is amended to

58.24 read:

58.25 Subd. 2. **Eligibility.** (a) This section applies to a terminated state employee who:

58.26 (1) for at least the five years immediately preceding separation under clause (2),

58.27 was regularly scheduled to work 1,044 or more hours per year in a position covered by

58.28 a pension plan administered by the Minnesota State Retirement System or the Public

58.29 Employees Retirement Association;

58.30 (2) terminated state or Metropolitan Council employment;

58.31 (3) at the time of termination under clause (2), met the age and service requirements

58.32 necessary to receive an unreduced retirement annuity from the plan and satisfied

58.33 requirements for the commencement of the retirement annuity or, for a terminated

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59.1 employee under the unclassified employees retirement plan, met the age and service
59.2 requirements necessary to receive an unreduced retirement annuity from the plan and
59.3 satisfied requirements for the commencement of the retirement annuity or elected a
59.4 lump-sum payment; and

59.5 (4) agrees to accept a postretirement option position with the same or a different
59.6 appointing authority, working a reduced schedule that is both (i) a reduction of at least 25
59.7 percent from the employee's number of previously regularly scheduled work hours; and
59.8 (ii) 1,044 hours or less in state or Metropolitan Council service.

59.9 (b) For purposes of this section, an unreduced retirement annuity includes a
59.10 retirement annuity computed under a provision of law which permits retirement, without
59.11 application of an earlier retirement reduction factor, whenever age plus years of allowable
59.12 service total at least 90.

59.13 (c) For purposes of this section, as it applies to ~~staff~~ state employees who are
59.14 members of the Public Employees Retirement Association who are at least age 62, the
59.15 length of separation requirement and termination of service requirement prohibiting return
59.16 to work agreements under section 353.01, subdivisions 11a and 28, are not applicable.

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

59.18 Sec. 2. Minnesota Statutes 2008, section 43A.346, subdivision 6, is amended to read:

59.19 Subd. 6. **Duration.** Postretirement option employment ~~shall be~~ is for an initial
59.20 period not to exceed one year. During that period, the appointing authority may not
59.21 modify the conditions specified in the written offer without the person's consent, except as
59.22 required by law or by the collective bargaining agreement or compensation plan applicable
59.23 to the person. At the end of the initial period, the appointing authority has sole discretion
59.24 to determine if the offer of a postretirement option position will be renewed, renewed
59.25 with modifications, or terminated. ~~If the person is under age 62, an offer of renewal~~
59.26 ~~and any related verbal offer or agreement must not be made until at least 30 days after~~
59.27 ~~termination of the person's previous postretirement option employment.~~ Postretirement
59.28 option employment may be renewed for periods of up to one year, not to exceed a total
59.29 duration of five years. No person ~~shall~~ may be employed in one or a combination of
59.30 postretirement option positions under this section for a total of more than five years.

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

59.32 Sec. 3. Minnesota Statutes 2008, section 352B.02, subdivision 1a, is amended to read:

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60.1 Subd. 1a. **Member contributions.** (a) ~~Each~~ The member shall pay a sum equal to
60.2 ~~the following~~ contribution is 10.40 percent of the member's salary, which constitutes the
60.3 ~~member contribution to the fund.~~

60.4	before July 1, 2007	8.40
60.5	from July 1, 2007, to June 30, 2008	9.10
60.6	from July 1, 2008, to June 30, 2009	9.80
60.7	from July 1, 2009, and thereafter	10.40.

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

60.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

60.11 Sec. 4. Minnesota Statutes 2008, section 352B.02, subdivision 1c, is amended to read:

60.12 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
60.13 department heads shall pay a sum equal to ~~the following~~ 15.60 percent of the salary upon
60.14 ~~which deductions were made, which shall constitute~~ constitutes the employer contribution
60.15 to the fund.

60.16	before July 1, 2007	12.60
60.17	from July 1, 2007, to June 30, 2008	13.60
60.18	from July 1, 2008, to June 30, 2009	14.60
60.19	from July 1, 2009, and thereafter	15.60.

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

60.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

60.23 Sec. 5. Minnesota Statutes 2008, section 353.01, subdivision 16, is amended to read:

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

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

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

60.31 ~~(2)~~ (3) service in years during which the public employee was not a member but for
60.32 which the member later elected, while a member, to obtain credit by making payments to
60.33 the fund as permitted by any law then in effect;

61.1 ~~(3)~~ (4) a period of authorized leave of absence with pay from which deductions for
61.2 employee contributions are made, deposited, and credited to the fund;

61.3 ~~(4)~~ (5) a period of authorized personal, parental, or medical leave of absence without
61.4 pay, including a leave of absence covered under the federal Family Medical Leave Act,
61.5 that does not exceed one year, and for which a member obtained service credit for each
61.6 month in the leave period by payment under section 353.0161 to the fund made in place of
61.7 salary deductions. An employee must return to public service and render a minimum of
61.8 three months of allowable service in order to be eligible to make payment under section
61.9 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
61.10 employee must be granted allowable service credit for the purchased period;

61.11 ~~(5)~~ (6) a periodic, repetitive leave that is offered to all employees of a governmental
61.12 subdivision. The leave program may not exceed 208 hours per annual normal work
61.13 cycle as certified to the association by the employer. A participating member obtains
61.14 service credit by making employee contributions in an amount or amounts based on the
61.15 member's average salary that would have been paid if the leave had not been taken. The
61.16 employer shall pay the employer and additional employer contributions on behalf of the
61.17 participating member. The employee and the employer are responsible to pay interest on
61.18 their respective shares at the rate of 8.5 percent a year, compounded annually, from the
61.19 end of the normal cycle until full payment is made. An employer shall also make the
61.20 employer and additional employer contributions, plus 8.5 percent interest, compounded
61.21 annually, on behalf of an employee who makes employee contributions but terminates
61.22 public service. The employee contributions must be made within one year after the end of
61.23 the annual normal working cycle or within ~~20~~ 30 days after termination of public service,
61.24 whichever is sooner. The executive director shall prescribe the manner and forms to be
61.25 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
61.26 payment, the member must be granted allowable service credit for the purchased period;

61.27 ~~(6)~~ (7) an authorized temporary or seasonal layoff under subdivision 12, limited
61.28 to three months allowable service per authorized temporary or seasonal layoff in one
61.29 calendar year. An employee who has received the maximum service credit allowed for an
61.30 authorized temporary or seasonal layoff must return to public service and must obtain a
61.31 minimum of three months of allowable service subsequent to the layoff in order to receive
61.32 allowable service for a subsequent authorized temporary or seasonal layoff; ~~or~~

61.33 ~~(7)~~ (8) a period during which a member is absent from employment by a
61.34 governmental subdivision by reason of service in the uniformed services, as defined in
61.35 United States Code, title 38, section 4303(13), if the member returns to public service with
61.36 the same governmental subdivision upon discharge from service in the uniformed service

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62.1 within the time frames required under United States Code, title 38, section 4312(e),
62.2 provided that the member did not separate from uniformed service with a dishonorable or
62.3 bad conduct discharge or under other than honorable conditions. The service is credited
62.4 if the member pays into the fund equivalent employee contributions based upon the
62.5 contribution rate or rates in effect at the time that the uniformed service was performed
62.6 multiplied by the full and fractional years being purchased and applied to the annual salary
62.7 rate. The annual salary rate is the average annual salary during the purchase period that
62.8 the member would have received if the member had continued to be employed in covered
62.9 employment rather than to provide uniformed service, or, if the determination of that
62.10 rate is not reasonably certain, the annual salary rate is the member's average salary rate
62.11 during the 12-month period of covered employment rendered immediately preceding the
62.12 period of the uniformed service. Payment of the member equivalent contributions must
62.13 be made during a period that begins with the date on which the individual returns to
62.14 public employment and that is three times the length of the military leave period, or
62.15 within five years of the date of discharge from the military service, whichever is less. If
62.16 the determined payment period is less than one year, the contributions required under
62.17 this clause to receive service credit may be made within one year of the discharge date.
62.18 Payment may not be accepted following ~~20~~ 30 days after termination of public service
62.19 under subdivision 11a. If the member equivalent contributions provided for in this clause
62.20 are not paid in full, the member's allowable service credit must be prorated by multiplying
62.21 the full and fractional number of years of uniformed service eligible for purchase by the
62.22 ratio obtained by dividing the total member contributions received by the total member
62.23 contributions otherwise required under this clause. The equivalent employer contribution,
62.24 and, if applicable, the equivalent additional employer contribution must be paid by the
62.25 governmental subdivision employing the member if the member makes the equivalent
62.26 employee contributions. The employer payments must be made from funds available to
62.27 the employing unit, using the employer and additional employer contribution rate or
62.28 rates in effect at the time that the uniformed service was performed, applied to the same
62.29 annual salary rate or rates used to compute the equivalent member contribution. The
62.30 governmental subdivision involved may appropriate money for those payments. The
62.31 amount of service credit obtainable under this section may not exceed five years unless a
62.32 longer purchase period is required under United States Code, title 38, section 4312. The
62.33 employing unit shall pay interest on all equivalent member and employer contribution
62.34 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
62.35 compounded annually from the end of each fiscal year of the leave or the break in service

63.1 to the end of the month in which the payment is received. Upon payment, the employee
63.2 must be granted allowable service credit for the purchased period; or

63.3 (9) a period specified under subdivision 40.

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

63.9 (c) For a public employee who has prior service covered by a local police or
63.10 firefighters relief association that has consolidated with the Public Employees Retirement
63.11 Association or to which section 353.665 applies, and who has elected the type of benefit
63.12 coverage provided by the public employees police and fire fund either under section
63.13 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
63.14 service" is a period of service credited by the local police or firefighters relief association
63.15 as of the effective date of the consolidation based on law and on bylaw provisions
63.16 governing the relief association on the date of the initiation of the consolidation procedure.

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

63.19 (e) MS 2002 [Expired]

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

63.21 Sec. 6. Minnesota Statutes 2008, section 353.01, subdivision 16b, is amended to read:

63.22 Subd. 16b. **Uncredited military service credit purchase.** (a) A public employee
63.23 who has at least three years of allowable service with the Public Employees Retirement
63.24 Association or the public employees police and fire plan and who performed service in the
63.25 United States armed forces before becoming a public employee, or who failed to obtain
63.26 service credit for a military leave of absence under subdivision 16, paragraph ~~(h)~~ (a),
63.27 clause 7, is entitled to purchase allowable service credit for the initial period of enlistment,
63.28 induction, or call to active duty without any voluntary extension by making payment under
63.29 section 356.551. This authority is voided if the public employee has ~~not~~ purchased service
63.30 credit from any other Minnesota defined benefit public employee pension plan, other than
63.31 a volunteer fire plan, for the same period of service, or if the separation from the United
63.32 States armed forces was under less than honorable conditions.

63.33 (b) A public employee who desires to purchase service credit under paragraph
63.34 (a) must apply with the executive director to make the purchase. The application must
63.35 include all necessary documentation of the public employee's qualifications to make the

64.1 purchase, signed written permission to allow the executive director to request and receive
64.2 necessary verification of applicable facts and eligibility requirements, and any other
64.3 relevant information that the executive director may require.

64.4 (c) Allowable service credit for the purchase period must be granted by the
64.5 Public Employees Retirement Association or the public employees police and fire plan,
64.6 whichever applies, to the purchasing public employee upon receipt of the purchase
64.7 payment amount. Payment must be made before the ~~effective date of retirement of the~~
64.8 public employee's termination of public service or termination of membership,
64.9 whichever is earlier.

64.10 (d) This subdivision is repealed July 1, 2013.

64.11 **EFFECTIVE DATE.** This section is effective the day after final enactment.

64.12 Sec. 7. Minnesota Statutes 2008, section 353.0161, subdivision 1, is amended to read:

64.13 Subdivision 1. **Application.** This section applies to employees covered by any plan
64.14 specified in this chapter or chapter 353E for any period of authorized leave of absence
64.15 specified in section 353.01, subdivision 16, paragraph (a), clause ~~(4)~~ (5), for which the
64.16 employee obtains credit for allowable service by making payment as specified in this
64.17 section to the applicable fund.

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

64.19 Sec. 8. Minnesota Statutes 2008, section 353.03, subdivision 3a, is amended to read:

64.20 Subd. 3a. **Executive director.** (a) **Appointment.** The board shall appoint an
64.21 executive director on the basis of education, experience in the retirement field, and
64.22 leadership ability. The executive director must have had at least five years' experience in
64.23 an executive level management position, which has included responsibility for pensions,
64.24 deferred compensation, or employee benefits. The executive director serves at the pleasure
64.25 of the board. The salary of the executive director is as provided by section 15A.0815.

64.26 (b) **Duties.** The management of the association is vested in the executive director
64.27 who shall be the executive and administrative head of the association. The executive
64.28 director shall act as adviser to the board on all matters pertaining to the association and
64.29 shall also act as the secretary of the board. The executive director shall:

64.30 (1) attend all meetings of the board;

64.31 (2) prepare and recommend to the board appropriate rules to carry out the provisions
64.32 of this chapter;

65.1 (3) establish and maintain an adequate system of records and accounts following
65.2 recognized accounting principles and controls;

65.3 (4) designate, with the approval of the board, up to two persons who may serve in
65.4 the unclassified service and whose salaries are set in accordance with section 43A.18,
65.5 subdivision 3, appoint a confidential secretary in the unclassified service, and appoint
65.6 employees to carry out this chapter, who are subject to chapters 43A and 179A in the same
65.7 manner as are executive branch employees;

65.8 (5) organize the work of the association as the director deems necessary to fulfill
65.9 the functions of the association, and define the duties of its employees and delegate to
65.10 them any powers or duties, subject to the control of, and under such conditions as, the
65.11 executive director may prescribe;

65.12 (6) with the approval of the board, contract for the services of an approved actuary,
65.13 professional management services, and any other consulting services as necessary to fulfill
65.14 the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner
65.15 of administration shall not approve, and the association shall not enter into, any contract
65.16 to provide lobbying services or legislative advocacy of any kind. Any approved actuary
65.17 retained by the executive director shall function as the actuarial advisor of the board and
65.18 the executive director ~~and may perform actuarial valuations and experience studies to~~
65.19 ~~supplement those performed by the actuary retained.~~ In addition to filing requirements
65.20 under section 356.214-₂ any supplemental actuarial valuations or experience studies shall
65.21 be filed with the executive director of the Legislative Commission on Pensions and
65.22 Retirement. Copies of professional management survey reports shall be transmitted to the
65.23 secretary of the senate, the chief clerk of the house of representatives, and the Legislative
65.24 Reference Library as provided by section 3.195, and to the executive director of the
65.25 commission at the same time as reports are furnished to the board. Only management
65.26 firms experienced in conducting management surveys of federal, state, or local public
65.27 retirement systems shall be qualified to contract with the director hereunder;

65.28 (7) with the approval of the board provide in-service training for the employees
65.29 of the association;

65.30 (8) make refunds of accumulated contributions to former members and to the
65.31 designated beneficiary, surviving spouse, legal representative or next of kin of deceased
65.32 members or deceased former members, as provided in this chapter;

65.33 (9) determine the amount of the annuities and disability benefits of members covered
65.34 by the association and authorize payment of the annuities and benefits beginning as of
65.35 the dates on which the annuities and benefits begin to accrue, in accordance with the
65.36 provisions of this chapter;

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66.1 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
66.2 expenses of the association;

66.3 (11) prepare and submit to the board and the legislature an annual financial report
66.4 covering the operation of the association, as required by section 356.20;

66.5 (12) prepare and submit biennial and annual budgets to the board for its approval
66.6 and submit the approved budgets to the Department of Finance for approval by the
66.7 commissioner;

66.8 (13) reduce all or part of the accrued interest payable under section 353.27,
66.9 subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the
66.10 association of an unreasonable processing delay or other extenuating circumstances of
66.11 the employing unit; and notwithstanding section 353.27, subdivision 7, may authorize
66.12 that accrued interest of \$10 or less is not payable to the member when a credit has been
66.13 taken by the employer to correct an employee deduction taken in error. The executive
66.14 director shall prescribe and submit for approval by the board the conditions under which
66.15 such interest may be reduced; and

66.16 (14) with the approval of the board, perform such other duties as may be required for
66.17 the administration of the association and the other provisions of this chapter and for the
66.18 transaction of its business.

66.19 **EFFECTIVE DATE.** This section is effective the day after final enactment.

66.20 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 2, is amended to read:

66.21 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
66.22 contribution is the following applicable percentage of the total 9.10 percent of salary
66.23 amount for a "basic member" and, For a "coordinated member": coordinated member,
66.24 the employee contribution is six percent of salary plus any contribution rate adjustment
66.25 under subdivision 3b.

	Basic Program	Coordinated Program	
66.26			
66.27	Effective before January 1, 2006	9.10	5.10
66.28	Effective January 1, 2006	9.10	5.50
66.29	Effective January 1, 2007	9.10	5.75
66.30	Effective January 1, 2008	9.10	6.00 plus any contribution
66.31			rate adjustment under
66.32			subdivision 3b

66.33 (b) These contributions must be made by deduction from salary as defined in section
66.34 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
66.35 member's salary is paid from other than public funds, the member's employee contribution
66.36 must be based on the total salary received by the member from all sources.

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

67.2 Sec. 10. Minnesota Statutes 2008, section 353.27, subdivision 3, is amended to read:

67.3 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
 67.4 contribution is the following applicable percentage of the total 9.10 percent of salary
 67.5 amount for "basic members" and. For "coordinated members": a coordinated member,
 67.6 the employer contribution is six percent of salary plus any contribution rate adjustment
 67.7 under subdivision 3b.

	Basic Program	Coordinated Program
67.8		
67.9	Effective before January 1, 2006	9.10 5.10
67.10	Effective January 1, 2006	9.10 5.50
67.11	Effective January 1, 2007	9.10 5.75
67.12	Effective January 1, 2008	9.10 6.00 plus any contribution
67.13		rate adjustment under
67.14		subdivision 3b

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

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

67.18 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 7, is amended to read:

67.19 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
 67.20 as provided in paragraph (b), erroneous employee deductions and erroneous employer
 67.21 contributions and additional employer contributions for a person, who otherwise does not
 67.22 qualify for membership under this chapter, are considered:

67.23 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
 67.24 determination of the error by the association, the person may continue membership in the
 67.25 association while employed in the same position for which erroneous deductions were
 67.26 taken, or file a written election to terminate membership and apply for a refund upon
 67.27 termination of public service or defer an annuity under section 353.34; or

67.28 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
 67.29 1990. Upon determination of the error, the association shall refund all erroneous employee
 67.30 deductions and all erroneous employer contributions as specified in paragraph ~~(d)~~ (e). No
 67.31 person may claim a right to continued or past membership in the association based on
 67.32 erroneous deductions which began on or after January 1, 1990.

67.33 (b) Erroneous deductions taken from the salary of a person who did not qualify
 67.34 for membership in the association by virtue of concurrent employment before July 1,
 67.35 1978, which required contributions to another retirement fund or relief association

68.1 established for the benefit of officers and employees of a governmental subdivision, are
68.2 invalid. Upon discovery of the error, the association shall remove all invalid service and,
68.3 upon termination of public service, the association shall refund all erroneous employee
68.4 deductions to the person, with interest as determined under section 353.34, subdivision 2,
68.5 and all erroneous employer contributions without interest to the employer. This paragraph
68.6 has both retroactive and prospective application.

68.7 (c) Adjustments to correct employer contributions and employee deductions taken in
68.8 error from amounts which are not salary under section 353.01, subdivision 10, are invalid
68.9 upon discovery by the association and must be refunded made as specified in paragraph
68.10 ~~(d)~~ (e). The period of adjustment must be limited to the fiscal year in which the error is
68.11 discovered by the association and the immediate two preceding fiscal years.

68.12 (d) If there is evidence of fraud or other misconduct on the part of the employee or
68.13 the employer, the board of trustees may authorize adjustments to the account of a member
68.14 or former member to correct erroneous employee deductions and employer contributions
68.15 on invalid salary and the recovery of any overpayments for a period longer than provided
68.16 for under paragraph (c).

68.17 ~~(d)~~ (e) Upon discovery of the receipt of erroneous employee deductions and
68.18 employer contributions under paragraph (a), clause (2), or paragraph (c), the association
68.19 must require the employer to discontinue the erroneous employee deductions and
68.20 erroneous employer contributions reported on behalf of a member. Upon discontinuation,
68.21 the association either must refund:

68.22 (1) for a member, provide a refund or credit to the employer in the amount of the
68.23 invalid employee deductions to the person without interest and with interest on the invalid
68.24 employee deductions at the rate specified under section 353.34, subdivision 2, from the
68.25 received date of each invalid salary transaction through the date the credit or refund is
68.26 made; and the employer must pay the refunded employee deductions plus interest to the
68.27 member;

68.28 (2) for a former member who:

68.29 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
68.30 deductions to the former member through a refund with interest at the rate specified under
68.31 section 353.34, subdivision 2, from the received date of each invalid salary transaction
68.32 through the date the credit or refund is made; or

68.33 (ii) is receiving a retirement annuity or disability benefit, or a person who is
68.34 receiving an optional annuity or survivor benefit, for whom it has been determined an
68.35 overpayment must be recovered, adjust the payment amount and recover the overpayments
68.36 as provided under this section; and

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69.1 (3) return the invalid employer contributions reported on behalf of a member
69.2 or former member to the employer or provide by providing a credit against future
69.3 contributions payable by the employer for the amount of all erroneous deductions and
69.4 contributions. If the employing unit receives a credit under this paragraph, the employing
69.5 unit is responsible for refunding to the applicable employee any amount that had been
69.6 erroneously deducted from the person's salary. In the event that a retirement annuity or
69.7 disability benefit has been computed using invalid service or salary, the association must
69.8 adjust the annuity or benefit and recover any overpayment under subdivision 7b.

69.9 ~~(e)~~ (f) In the event that a salary warrant or check from which a deduction for the
69.10 retirement fund was taken has been canceled or the amount of the warrant or check
69.11 returned to the funds of the department making the payment, a refund of the sum
69.12 deducted, or any portion of it that is required to adjust the deductions, must be made
69.13 to the department or institution.

69.14 ~~(f)~~ Any refund to a member under this subdivision that is reasonably determined
69.15 to cause the plan to fail to be a qualified plan under section 401(a) of the federal
69.16 Internal Revenue Code, as amended, may not be refunded and instead must be credited
69.17 against future contributions payable by the employer. The employer receiving the
69.18 credit is responsible for refunding to the applicable employee any amount that had been
69.19 erroneously deducted from the person's salary.

69.20 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
69.21 is within the limitation period specified in paragraph (c), and an overpayment has resulted
69.22 by using invalid service or salary, or due to any erroneous calculation procedure, the
69.23 association must recalculate the annuity or benefit payable and recover any overpayment
69.24 as provided under subdivision 7b.

69.25 (h) Notwithstanding the provisions of this subdivision, the association may apply
69.26 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
69.27 Compliance Resolution System and not issue a refund of erroneous employee deductions
69.28 and employer contributions or not recover a small overpayment of benefits if the cost to
69.29 correct the error would exceed the amount of the member refund or overpayment.

69.30 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
69.31 failure by an employer to follow the statutory requirements for reporting eligible members
69.32 and salary must be paid by the employer.

69.33 **EFFECTIVE DATE.** (a) This section is effective the day following enactment.

69.34 (b) The interest required on deductions in error as provided in paragraph (e) must
69.35 be applied to any refunds paid on or after June 1, 2009.

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70.1 Sec. 12. Minnesota Statutes 2008, section 353.27, subdivision 7b, is amended to read:

70.2 Subd. 7b. **Recovery of overpayments to members.** (a) ~~In the event of an~~
70.3 ~~overpayment to a member, retiree, beneficiary, or other person, the executive director shall~~
70.4 ~~recover the overpayment by suspending or reducing the payment of a retirement annuity,~~
70.5 ~~refund, disability benefit, survivor benefit, or optional annuity payable to the applicable~~
70.6 ~~person or the person's estate, whichever applies, under this chapter until all outstanding~~
70.7 ~~money has been recovered~~ determines that an overpaid annuity or benefit that is the result
70.8 of invalid salary included in the average salary used to calculate the payment amount must
70.9 be recovered, the association must determine the amount of the employee deductions
70.10 taken in error on the invalid salary, with interest determined in the manner provided for a
70.11 former member under subdivision 7, paragraph (e), clause (2), item (i), and must subtract
70.12 that amount from the total annuity or benefit overpayment, and the remaining balance of
70.13 the overpaid annuity or benefit, if any, must be recovered.

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

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

70.19 (d) If a member or former member, who is receiving a retirement annuity or
70.20 disability benefit for which an overpayment is being recovered, dies before recovery of
70.21 the overpayment is completed and a joint and survivor optional annuity is payable, the
70.22 remaining balance of the overpaid annuity or benefit must continue to be recovered from
70.23 the payment to the optional annuity beneficiary.

70.24 (e) If the association finds that a refund has been overpaid to a former member,
70.25 beneficiary or other person, the amount of the overpayment must be recovered.

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

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

70.31 Sec. 13. Minnesota Statutes 2008, section 353.33, subdivision 1, is amended to read:

70.32 Subdivision 1. **Age, service, and salary requirements.** A coordinated or basic
70.33 member who has at least three years of allowable service and becomes totally and
70.34 permanently disabled before normal retirement age, and a basic member who has at least
70.35 three years of allowable service and who becomes totally and permanently disabled, upon

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71.1 application as defined under section 353.031, is entitled to a disability benefit in an amount
71.2 determined under subdivision 3. If the disabled person's public service has terminated
71.3 at any time, at least two of the required three years of allowable service must have been
71.4 rendered after last becoming an active member.

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

71.6 Sec. 14. Minnesota Statutes 2008, section 353.33, is amended by adding a subdivision
71.7 to read:

71.8 Subd. 1a. **Benefit restriction.** No person is entitled to receive disability benefits
71.9 and a retirement annuity at the same time.

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

71.11 Sec. 15. Minnesota Statutes 2008, section 353.33, subdivision 11, is amended to read:

71.12 Subd. 11. **Coordinated member disabilitant transfer to retirement status.** ~~No~~
71.13 ~~person is entitled to receive disability benefits and a retirement annuity at the same time.~~

71.14 The disability benefits paid to a coordinated member must terminate when the person
71.15 reaches normal retirement age. If the coordinated member is still totally and permanently
71.16 disabled upon attaining normal retirement age, the coordinated member is deemed to be on
71.17 retirement status. If an optional annuity is elected under subdivision 3a, the coordinated
71.18 member shall receive an annuity under the terms of the optional annuity previously
71.19 elected, or, if an optional annuity is not elected under subdivision 3a, the coordinated
71.20 member may elect to receive a normal retirement annuity under section 353.29 or an
71.21 annuity equal to the disability benefit paid before the coordinated member reaches normal
71.22 retirement age, whichever amount is greater, or elect to receive an optional annuity
71.23 under section 353.30, subdivision 3. The annuity of a disabled coordinated member who
71.24 attains normal retirement age must be computed under the law in effect upon attainment
71.25 of normal retirement age. Election of an optional annuity must be made before the
71.26 coordinated member attains normal retirement age. If an optional annuity is elected, the
71.27 election is effective on the date on which the person attains normal retirement age and
71.28 the optional annuity begins to accrue on the first day of the month next following the
71.29 month in which the person attains that age.

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

71.31 Sec. 16. Minnesota Statutes 2008, section 353.33, subdivision 12, is amended to read:

72.1 Subd. 12. **Basic ~~disability~~ disabilitant transfer to retirement status; survivor**
72.2 **benefits.** (a) If a basic member who is receiving a disability benefit under subdivision 3~~+~~
72.3 ~~(1)~~ dies before attaining age 65 or within five years of the effective date of the
72.4 disability, whichever is later, the surviving spouse is entitled to receive a survivor
72.5 benefit under section 353.31, ~~unless~~ and any dependent child or children are entitled to
72.6 dependent child benefits under section 353.31, subdivision 1b, paragraph (b). If there are
72.7 no dependent children, in lieu of the survivor benefit specified under section 353.31, the
72.8 surviving spouse ~~elected~~ may elect to receive a refund under section 353.32, subdivision 1~~+~~
72.9 ~~(2)~~ (b) If a basic member who is receiving a disability benefit under subdivision 3 is
72.10 living at age 65 or five years after the effective date of the disability, whichever is later, the
72.11 basic member may ~~continue to~~ receive a normal retirement annuity equal to the disability
72.12 benefit previously received, adjusted for the amount no longer payable under subdivision
72.13 3, paragraph (b), or the person may elect a joint and survivor optional annuity under
72.14 section 353.31, subdivision 1b. The election of the joint and survivor optional annuity
72.15 must occur within 90 days of attaining age 65 or of reaching the five-year anniversary
72.16 of the effective date of the disability benefit, whichever is later. The optional annuity
72.17 takes effect on the first day of the month following the month in which the person attains
72.18 age 65 or reaches the five-year anniversary of the effective date of the disability benefit,
72.19 whichever is later; ~~or~~
72.20 ~~(3) if there is a dependent child or children under clause (1) or (2), the dependent~~
72.21 ~~child is entitled to a dependent child benefit under section 353.31, subdivision 1b,~~
72.22 ~~paragraph (b).~~

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

72.24 Sec. 17. Minnesota Statutes 2008, section 353.65, subdivision 2, is amended to read:

72.25 Subd. 2. **Employee contribution rate.** (a) The employee contribution is ~~an amount~~
72.26 ~~equal to the~~ 9.4 percent of the ~~total~~ salary of the member ~~specified in paragraph (b).~~ This
72.27 contribution must be made by deduction from salary in the manner provided in subdivision
72.28 4. Where any portion of a member's salary is paid from other than public funds, the
72.29 member's employee contribution is based on the total salary received from all sources.
72.30 ~~(b) For calendar year 2006, the employee contribution rate is 7.0 percent. For~~
72.31 ~~calendar year 2007, the employee contribution rate is 7.8 percent. For calendar year 2008,~~
72.32 ~~the employee contribution rate is 8.6 percent. For calendar year 2009 and thereafter, the~~
72.33 ~~employee contribution rate is 9.4 percent.~~

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

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73.1 Sec. 18. Minnesota Statutes 2008, section 353.65, subdivision 3, is amended to read:

73.2 Subd. 3. **Employer contribution rate.** ~~(a)~~ The employer contribution ~~shall be an~~
73.3 ~~amount equal to the~~ is 14.1 percent of the ~~total~~ salary of ~~every~~ the member ~~as specified in~~
73.4 ~~paragraph (b).~~ This contribution ~~shall~~ must be made from funds available to the employing
73.5 subdivision by the means and in the manner provided in section 353.28.

73.6 ~~(b) For calendar year 2006, the employer contribution rate is 10.5 percent. For~~
73.7 ~~calendar year 2007, the employer contribution rate is 11.7 percent. For calendar year 2008,~~
73.8 ~~the employer contribution rate is 12.9 percent. For calendar year 2009 and thereafter, the~~
73.9 ~~employer contribution rate is 14.1 percent.~~

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

73.11 Sec. 19. Minnesota Statutes 2008, section 353A.08, subdivision 6a, is amended to read:

73.12 Subd. 6a. **Military service contribution and refund.** A person who was an active
73.13 member of a local police or firefighters relief association upon its consolidation with the
73.14 public employees retirement association, and who was otherwise eligible for automatic
73.15 service credit for military service under Minnesota Statutes 2000, section 423.57, and
73.16 who has not elected the type of benefit coverage provided by the public employees
73.17 police and fire fund at the time of consolidation, must make employee contributions
73.18 under section 353.01, subdivision 16, paragraph ~~(b)~~ (a), clause (8), to receive allowable
73.19 service credit from the association for a military service leave after the effective date of the
73.20 consolidation. A person who later elects, under subdivision 3, to retain benefit coverage
73.21 under the bylaws of the local relief association is eligible for a refund from the association
73.22 at the time of retirement. The association shall refund the employee contributions
73.23 plus interest at the rate of six percent, compounded quarterly, from the date on which
73.24 contributions were made until the first day of the month in which the refund is paid. The
73.25 employer shall receive a refund of the employer contributions. The association shall not
73.26 pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage
73.27 provided by the public employees police and fire fund or to the person's employer.

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

73.29 Sec. 20. Minnesota Statutes 2008, section 353F.02, subdivision 4, is amended to read:

73.30 Subd. 4. **Medical facility.** "Medical facility" means:

73.31 (1) Bridges Medical Services;

73.32 (2) the City of Cannon Falls Hospital;

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- 74.1 (3) Clearwater County Memorial Hospital doing business as Clearwater Health
74.2 Services in Bagley;
- 74.3 (4) the Dassel Lakeside Community Home;
- 74.4 (5) the Fair Oaks Lodge, Wadena;
- 74.5 (6) the Glencoe Area Health Center;
- 74.6 (7) Hutchinson Area Health Care;
- 74.7 (8) the Lakefield Nursing Home;
- 74.8 (9) the Lakeview Nursing Home in Gaylord;
- 74.9 (10) the Luverne Public Hospital;
- 74.10 (11) the Oakland Park Nursing Home;
- 74.11 (12) the RenVilla Nursing Home;
- 74.12 (13) the Rice Memorial Hospital in Willmar, with respect to the Department of
74.13 Radiology and the Department of Radiation/Oncology;
- 74.14 (14) the St. Peter Community Health Care Center;
- 74.15 (15) the Waconia-Ridgeview Medical Center; ~~and~~
- 74.16 (16) the Weiner Memorial Medical Center, Inc.; and
- 74.17 (17) the Worthington Regional Hospital.

74.18 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
74.19 Statutes, section 353F.02, subdivision 3.

74.20 Sec. 21. Minnesota Statutes 2008, section 354.05, is amended by adding a subdivision
74.21 to read:

74.22 Subd. 42. **Fiscal year.** The fiscal year of the association begins on July 1 of each
74.23 calendar year and ends on June 30 of the following calendar year.

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

74.25 Sec. 22. Minnesota Statutes 2008, section 354.42, subdivision 2, is amended to read:

74.26 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
74.27 contribution to the fund is an amount equal to the following percentage 9.0 percent of the
74.28 member's salary of a member. For a coordinated member, the employee contribution is
74.29 5.5 percent of the member's salary.

74.30 ~~(1) after July 1, 2006, for a teacher employed by Special School District No. 1,~~
74.31 ~~Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the~~
74.32 ~~teacher is a basic member;~~

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75.1 ~~(2) for every other teacher, after July 1, 2006, 5.5 percent if the teacher is a~~
75.2 ~~coordinated member and 9.0 percent if the teacher is a basic member.~~

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

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

75.7 Sec. 23. Minnesota Statutes 2008, section 354.44, subdivision 4, is amended to read:

75.8 Subd. 4. **Retirement annuity accrual date.** (a) An annuity payment begins to
75.9 accrue, provided that the age and service requirements under subdivision 1 are satisfied,
75.10 after the termination of teaching service, or after the application for retirement has been
75.11 filed with the ~~board, whichever is later~~ executive director, as follows:

75.12 (1) ~~on the 16th day of~~ after the month of termination or filing if the termination or
75.13 filing occurs on or before the 15th day of the month of teaching service;

75.14 (2) ~~on the first day of the month following the month of termination or filing if~~
75.15 ~~the termination or filing occurs on or after the 16th day of the month~~ day of receipt of
75.16 application if the application is filed with the executive director after the six-month period
75.17 that occurs immediately following the termination of teaching service;

75.18 (3) on July 1 for all school principals and other administrators who receive a full
75.19 annual contract salary during the fiscal year for performance of a full year's contract
75.20 duties; or

75.21 ~~(4) a later date to be either the first or the 16th day of a month occurring within the~~
75.22 ~~six-month period immediately following the termination of teaching service as specified~~
75.23 ~~under paragraph (b) by the member.~~

75.24 ~~(b) (4)~~ if an application for retirement is filed with the ~~board~~ executive director
75.25 during the six-month period that occurs immediately following the termination of teaching
75.26 service, the annuity may begin to accrue as if the application for retirement had been filed
75.27 with the board on the date teaching service terminated or a later date under paragraph
75.28 (a), clause (4).

75.29 (b) A member, or a person authorized to act on behalf of the member, may specify a
75.30 different date of retirement from that determined in paragraph (a), as follows:

75.31 (1) if the application is filed on or before the date of termination of teaching service,
75.32 the accrual date may be a date no earlier than the day after the termination of teaching
75.33 service and no later than six months after the termination date; or

75.34 (2) if the application is filed during the six-month period that occurs immediately
75.35 following the termination of teaching service, the accrual date may begin to accrue

76.1 retroactively, but no earlier than the day after teaching service terminated and no later
76.2 than six months after the termination date.

76.3 **EFFECTIVE DATE.** This section is effective January 1, 2010.

76.4 Sec. 24. Minnesota Statutes 2008, section 354.44, subdivision 5, is amended to read:

76.5 Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who
76.6 retired under the provisions of this chapter and has thereafter resumed teaching in any
76.7 employer unit to which this chapter applies is eligible to continue to receive payments in
76.8 accordance with the annuity except that all or a portion of the annuity payments must be
76.9 deferred during the calendar year immediately following ~~any calendar~~ the fiscal year in
76.10 which the person's salary from the teaching service is in an amount greater than \$46,000.
76.11 The amount of the annuity deferral is one-half of the salary amount in excess of \$46,000
76.12 and must be deducted from the annuity payable for the calendar year immediately
76.13 following the ~~calendar~~ fiscal year in which the excess amount was earned.

76.14 (b) If the person is retired for only a fractional part of the ~~calendar~~ fiscal year during
76.15 the initial year of retirement, the maximum reemployment salary exempt from triggering a
76.16 deferral as specified in this subdivision must be prorated for that ~~calendar~~ fiscal year.

76.17 (c) After a person has reached the Social Security normal retirement age, no deferral
76.18 requirement is applicable regardless of the amount of salary.

76.19 (d) The amount of the retirement annuity deferral must be handled or disposed
76.20 of as provided in section 356.47.

76.21 (e) For the purpose of this subdivision, salary from teaching service includes, but is
76.22 not limited to:

76.23 (1) all income for services performed as a consultant or an independent contractor
76.24 for an employer unit covered by the provisions of this chapter; and

76.25 (2) the greater of either the income received or an amount based on the rate paid
76.26 with respect to an administrative position, consultant, or independent contractor in an
76.27 employer unit with approximately the same number of pupils and at the same level as the
76.28 position occupied by the person who resumes teaching service.

76.29 **EFFECTIVE DATE.** This section is effective January 1, 2010.

76.30 Sec. 25. Minnesota Statutes 2008, section 354.47, subdivision 1, is amended to read:

76.31 Subdivision 1. **Death before retirement.** (a) If a member dies before retirement
76.32 and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a
76.33 reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the

77.1 survivors if the member was a basic member, then the surviving spouse, or if there is no
77.2 surviving spouse, the designated beneficiary is entitled to an amount equal to the member's
77.3 accumulated deductions with interest credited to the account of the member to the date of
77.4 death of the member. If the designated beneficiary is a minor, interest must be credited to
77.5 the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

77.6 (b) If a member dies before retirement and is covered under section 354.44,
77.7 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
77.8 described in section 354.46, subdivision 1, is payable to the survivors if the member
77.9 was a basic member, then the surviving spouse, or if there is no surviving spouse,
77.10 the designated beneficiary is entitled to an amount equal to the member's accumulated
77.11 deductions credited to the account of the member as of June 30, 1957, and from July 1,
77.12 1957, to the date of death of the member, the member's accumulated deductions plus
77.13 six percent interest compounded annually.

77.14 (c) If the designated beneficiary under paragraph (b) is a minor, any interest credited
77.15 under that paragraph must be credited to the date the beneficiary reaches legal age, or
77.16 the date of receipt, whichever is earlier.

77.17 (d) The amount of any refund payable under this subdivision must be reduced by
77.18 any permanent disability payment under section 354.48 received by the member.

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

77.20 Sec. 26. Minnesota Statutes 2008, section 354.48, subdivision 4, is amended to read:

77.21 Subd. 4. **Determination by executive director.** (a) The executive director shall
77.22 have the member examined by at least two licensed physicians, licensed chiropractors,
77.23 or licensed psychologists ~~selected by the medical adviser.~~

77.24 (b) These physicians, chiropractors, or psychologists with respect to a mental
77.25 impairment, shall make written reports to the executive director concerning the member's
77.26 disability, including expert opinions as to whether or not the member is permanently and
77.27 totally disabled within the meaning of section 354.05, subdivision 14.

77.28 (c) The executive director shall also obtain written certification from the last
77.29 employer stating whether or not the member was separated from service because of
77.30 a disability which would reasonably prevent further service to the employer and as a
77.31 consequence the member is not entitled to compensation from the employer.

77.32 (d) If, upon the consideration of the reports of the physicians, chiropractors, or
77.33 psychologists and any other evidence presented by the member or by others interested
77.34 therein, the executive director finds that the member is totally and permanently disabled,
77.35 the executive director shall grant the member a disability benefit.

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

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

78.4 Sec. 27. Minnesota Statutes 2008, section 354.48, subdivision 6, is amended to read:

78.5 Subd. 6. **Regular physical examinations.** At least once each year during the first
78.6 five years following the allowance of a disability benefit to any member, and at least once
78.7 in every three-year period thereafter, the executive director ~~shall~~ may require the disability
78.8 ~~beneficiary recipient~~ to undergo an expert examination by a physician or physicians,
78.9 by a chiropractor or chiropractors, or by one or more psychologists with respect to a
78.10 mental impairment, engaged by the executive director. If an examination indicates that the
78.11 member is no longer permanently and totally disabled or that the member is engaged or is
78.12 able to engage in a substantial gainful occupation, payments of the disability benefit by
78.13 the association must be discontinued. The payments must be discontinued as soon as the
78.14 member is reinstated to the payroll following sick leave, but payment may not be made for
78.15 more than 60 days after the physicians, the chiropractors, or the psychologists engaged by
78.16 the executive director find that the person is no longer permanently and totally disabled.

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

78.18 Sec. 28. Minnesota Statutes 2008, section 354.49, subdivision 2, is amended to read:

78.19 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any
78.20 person who ceases to be a member by reason of termination of teaching service, ~~shall~~ is
78.21 entitled to receive a refund in an amount equal to the accumulated deductions credited to
78.22 the account as of June 30, 1957, and after July 1, 1957, the accumulated deductions with
78.23 interest at the rate of six percent per annum compounded annually. For the purpose of this
78.24 subdivision, interest ~~shall~~ must be computed on fiscal year end balances to the first day of
78.25 the month in which the refund is issued.

78.26 (b) If the person has received permanent disability payments under section 354.48,
78.27 the refund amount must be reduced by the amount of those payments.

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

78.29 Sec. 29. Minnesota Statutes 2008, section 354.52, subdivision 2a, is amended to read:

78.30 Subd. 2a. **Annual Postretirement income reports reporting.** ~~On or before each~~
78.31 ~~February 15, a representative authorized by an~~ Each employing unit must report to the
78.32 executive director the amount of income earned during the previous ~~calendar~~ fiscal year

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79.1 by each retiree for teaching service performed after retirement. This ~~annual report must be~~
79.2 shall be done through the payroll reporting system and is based on reemployment income
79.3 as defined in section 354.44, subdivision 5, and it must be made on a form provided by the
79.4 ~~executive director. Signing~~ Submitting the report salary data through payroll reporting
79.5 has the force and effect of an oath as to the correctness of the amount of postretirement
79.6 reemployment income earned.

79.7 **EFFECTIVE DATE.** This section is effective January 1, 2010.

79.8 Sec. 30. Minnesota Statutes 2008, section 354.52, subdivision 4b, is amended to read:

79.9 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
79.10 the following data to the association for payroll warrants on an ongoing basis within 14
79.11 calendar days after the date of the payroll warrant in a format prescribed by the executive
79.12 director:

79.13 (1) association member number;

79.14 (2) employer-assigned employee number;

79.15 (3) Social Security number;

79.16 (4) amount of each salary deduction;

79.17 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
79.18 deduction was made;

79.19 (6) reason for payment;

79.20 (7) service credit;

79.21 (8) the beginning and ending dates of the payroll period covered and the date
79.22 of actual payment;

79.23 (9) fiscal year of salary earnings;

79.24 (10) total remittance amount including employee, employer, and additional employer
79.25 contributions; ~~and~~

79.26 (11) reemployed annuitant salary under section 354.44, subdivision 5; and

79.27 ~~(11)~~ (12) other information as may be required by the executive director.

79.28 **EFFECTIVE DATE.** This section is effective January 1, 2010.

79.29 Sec. 31. **[354.543] PRIOR OR UNCREDITED MILITARY SERVICE CREDIT**
79.30 **PURCHASE.**

79.31 Subdivision 1. Service credit purchase authorized. (a) If paragraph (b) does not
79.32 apply, a teacher who has at least three years of allowable service credit with the Teachers
79.33 Retirement Association and who performed service in the United States armed forces

80.1 before becoming a teacher as defined in section 354.05, subdivision 2, or who failed
80.2 to obtain service credit for a military leave of absence under the provisions of section
80.3 354.53, is entitled to purchase allowable and formula service credit for the initial period of
80.4 enlistment, induction, or call to active duty without any voluntary extension by making
80.5 payment under section 356.551.

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

80.7 (1) the teacher separated from service with the United States armed forces with a
80.8 dishonorable or bad conduct discharge or under other than honorable conditions; or

80.9 (2) the teacher has purchased or otherwise received service credit from any
80.10 Minnesota defined benefit public employee pension plan, other than a volunteer fire plan,
80.11 for the same period of service.

80.12 Subd. 2. **Application and documentation.** A teacher who desires to purchase
80.13 service credit under subdivision 1 must apply with the executive director to make the
80.14 purchase. The application must include all necessary documentation of the teacher's
80.15 qualifications to make the purchase, signed written permission to allow the executive
80.16 director to request and receive necessary verification of applicable facts and eligibility
80.17 requirements, and any other relevant information that the executive director may require.

80.18 Subd. 3. **Service credit grant.** Allowable and formula service credit for the
80.19 purchase period must be granted by the Teachers Retirement Association to the purchasing
80.20 teacher upon receipt of the purchase payment amount. Payment must be made before the
80.21 teacher's termination of teaching service.

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

80.23 Sec. 32. Minnesota Statutes 2008, section 354.55, subdivision 11, is amended to read:

80.24 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
80.25 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
80.26 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
80.27 retirement. ~~Eligibility for an annuity under this subdivision is governed pursuant to~~
80.28 ~~section 354.44, subdivision 1, or 354.60.~~

80.29 (b) The amount of the deferred retirement annuity is determined by section 354.44,
80.30 subdivision 6, and augmented as provided in this subdivision. The required reserves
80.31 ~~related to that portion of~~ for the annuity which had accrued when the member ceased to
80.32 render teaching service must be augmented, as further specified in this subdivision, by
80.33 interest compounded annually from the first day of the month following the month during
80.34 which the member ceased to render teaching service to the effective date of retirement.

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81.1 ~~(c) There shall be~~ No augmentation is not creditable if this the deferral period is less
81.2 than three months or if this period commences prior to deferral commenced before July 1,
81.3 1971. The rates of interest used for this purpose must be five percent compounded annually
81.4 commencing July 1, 1971, until January 1, 1981, and three percent compounded annually
81.5 thereafter until January 1 of the year following the year in which the former member
81.6 attains age 55 and from that date to the effective date of retirement, the rate is five percent
81.7 compounded annually if the employee became an employee before July 1, 2006, and at 2.5
81.8 percent compounded annually if the employee becomes an employee after June 30, 2006.

81.9 (d) For persons who became covered employees before July 1, 2006, with a deferral
81.10 period commencing after June 30, 1971, the annuity must be augmented using five
81.11 percent interest compounded annually until January 1, 1981, and three percent interest
81.12 compounded annually thereafter until January 1 of the year following the year in which
81.13 the deferred annuitant attains age 55. From that date to the effective date of retirement, the
81.14 rate is five percent compounded annually.

81.15 (e) For persons who become covered employees after June 30, 2006, the interest rate
81.16 used to augment the deferred annuity is 2.5 percent interest compounded annually.

81.17 (f) If a person has more than one period of uninterrupted service, a separate average
81.18 salary determined under section 354.44, subdivision 6, must be used for each period and
81.19 the required reserves related to each period must be augmented by interest pursuant to as
81.20 specified in this subdivision. The sum of the augmented required reserves so determined
81.21 shall be the basis for purchasing is the present value of the deferred annuity. For the
81.22 purposes of this subdivision, "period of uninterrupted service" means a period of covered
81.23 teaching service during which the member has not been separated from active service for
81.24 more than one fiscal year.

81.25 (g) If a person repays a refund, the service restored by the repayment must be
81.26 considered as continuous with the next period of service for which the person has
81.27 allowable service credit with this fund in the Teachers Retirement Association.

81.28 (h) If a person does not render teaching service in any one fiscal year or more
81.29 consecutive fiscal years and then resumes teaching service, the formula percentages used
81.30 from the date of the resumption of teaching service must be those applicable to new
81.31 members.

81.32 (i) The mortality table and interest assumption used to compute the annuity must be
81.33 the applicable mortality table established by the board under section 354.07, subdivision
81.34 1, and the interest rate assumption under section 356.215 in effect when the member
81.35 retires. A period of uninterrupted service for the purposes of this subdivision means a

82.1 ~~period of covered teaching service during which the member has not been separated from~~
82.2 ~~active service for more than one fiscal year.~~

82.3 ~~(e)~~ (j) In no case ~~shall~~ may the annuity payable under this subdivision be less than
82.4 the amount of annuity payable ~~pursuant to~~ under section 354.44, subdivision 6.

82.5 ~~(d)~~ (k) The requirements and provisions for retirement before normal retirement
82.6 age contained in section 354.44, subdivision 6, ~~clause (3) or (5), shall~~ also apply to an
82.7 employee fulfilling the requirements with a combination of service as provided in section
82.8 354.60.

82.9 ~~(e)~~ (l) The augmentation provided by this subdivision applies to the benefit provided
82.10 in section 354.46, subdivision 2.

82.11 ~~(f)~~ (m) The augmentation provided by this subdivision ~~shall~~ does not apply to any
82.12 period in which a person is on an approved leave of absence from an employer unit
82.13 covered by the provisions of this chapter.

82.14 ~~(g)~~ (n) The retirement annuity or disability benefit of, or the survivor benefit payable
82.15 on behalf of, a former teacher who terminated service before July 1, 1997, which is not
82.16 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis
82.17 to reflect the change in the postretirement interest rate actuarial assumption under section
82.18 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
82.19 tables adopted by the board as recommended by an approved actuary and approved by the
82.20 actuary retained under section 356.214.

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

82.22 Sec. 33. Minnesota Statutes 2008, section 354A.096, is amended to read:

82.23 **354A.096 MEDICAL LEAVE.**

82.24 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
82.25 Association or the new law coordinated program of the Duluth Teachers Retirement Fund
82.26 Association who is on an authorized medical leave of absence and subsequently returns
82.27 to teaching service is entitled to receive allowable service credit, not to exceed one year,
82.28 for the period of leave, upon making the prescribed payment to the fund. This payment
82.29 must include the required employee and employer contributions at the rates specified in
82.30 section 354A.12, subdivisions 1 and ~~2~~ 2a, as applied to the member's average full-time
82.31 monthly salary rate on the date the leave of absence commenced plus annual interest at
82.32 the rate of 8.5 percent per year from the end of the fiscal year during which the leave
82.33 terminates to the end of the month during which payment is made. The member must pay
82.34 the total amount required unless the employing unit, at its option, pays the employer

83.1 contributions. The total amount required must be paid by the end of the fiscal year
83.2 following the fiscal year in which the leave of absence terminated or before the member
83.3 retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or
83.4 action of the employing authority granting the leave and the employing authority, upon
83.5 granting the leave, must certify the leave to the association in a manner specified by the
83.6 executive director. A member may not receive more than one year of allowable service
83.7 credit during any fiscal year by making payment under this section. A member may not
83.8 receive disability benefits under section 354A.36 and receive allowable service credit
83.9 under this section for the same period of time.

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

83.11 Sec. 34. Minnesota Statutes 2008, section 354A.12, subdivision 2a, is amended to read:

83.12 Subd. 2a. **Employer regular and additional ~~contribution rates~~ contributions.**

83.13 (a) The employing units shall make the following employer contributions to teachers
83.14 retirement fund associations:

83.15 (1) ~~for any coordinated member of a teachers retirement fund association in a city of~~
83.16 ~~the first class, the employing unit shall pay the employer Social Security taxes;~~

83.17 ~~(2)~~ for any coordinated member of one of the following teachers retirement fund
83.18 associations in a city of the first class, the employing unit shall make a regular employer
83.19 contribution to the respective retirement fund association in an amount equal to the
83.20 designated percentage of the salary of the coordinated member as provided below:

83.21	Duluth Teachers Retirement	
83.22	Fund Association	4.50 percent
83.23	St. Paul Teachers Retirement	
83.24	Fund Association	4.50 percent

83.25 ~~(3)~~ (2) for any basic member of the St. Paul Teachers Retirement Fund Association,
83.26 the employing unit shall make a regular employer contribution to the respective retirement
83.27 fund in an amount equal to 8.00 percent of the salary of the basic member;

83.28 ~~(4)~~ (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
83.29 employing unit shall make an additional employer contribution to the respective fund in
83.30 an amount equal to 3.64 percent of the salary of the basic member;

83.31 ~~(5)~~ (4) for a coordinated member of a teachers retirement fund association in a city
83.32 of the first class, the employing unit shall make an additional employer contribution to
83.33 the respective fund in an amount equal to the applicable percentage of the coordinated
83.34 member's salary, as provided below:

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84.1	Duluth Teachers Retirement	
84.2	Fund Association	1.29 percent
84.3	St. Paul Teachers Retirement	
84.4	Fund Association	<u>3.84 percent</u>
84.5	July 1, 1993 - June 30, 1994	0.50 percent
84.6	July 1, 1994 - June 30, 1995	1.50 percent
84.7	July 1, 1997, and thereafter	3.84 percent

84.8 (b) The regular and additional employer contributions must be remitted directly to
84.9 the respective teachers retirement fund association at least once each month. Delinquent
84.10 amounts are payable with interest under the procedure in subdivision 1a.

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

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

84.15 Sec. 35. Minnesota Statutes 2008, section 354A.12, is amended by adding a
84.16 subdivision to read:

84.17 **Subd. 6. Adjustment for erroneous receipts.** (a) Adjustments to correct employer
84.18 contributions and employee deductions taken in error from amounts which are not salary
84.19 under section 354A.011, subdivision 24, must be made as specified in this section.

84.20 (b) Upon discovery of the receipt of erroneous employee deductions and employer
84.21 contributions under paragraph (a), the executive director must require the employer to
84.22 discontinue the erroneous employee deductions and erroneous employer contributions
84.23 reported on behalf of an active member. Upon discontinuation, the executive director
84.24 must provide for a refund or credit to the employer in the amount of the invalid employee
84.25 deductions with interest on the employee deductions at the rate specified in section
84.26 354A.37, subdivision 3, from the received date of each invalid salary transaction to the
84.27 first day of the month in which the credit or refund is made. The employer must pay the
84.28 refunded employee deductions plus interest to the active member.

84.29 (c) If the individual is a former member who is not receiving a retirement annuity or
84.30 benefit and has not received a refund under section 354A.37, subdivision 3, related to the
84.31 applicable service, the executive director must return the erroneous employee deductions
84.32 to the former member through a refund within interest at the rate specified in section
84.33 354A.37, subdivision 3, from the received date of each invalid salary transaction to the
84.34 first day of the month in which the credit or refund is made.

85.1 (d) The executive director must return the invalid employer contributions reported
85.2 on behalf of a member or former member to the employer by providing a credit against
85.3 future contributions payable by the employer.

85.4 **EFFECTIVE DATE.** This section is effective the day after final enactment.

85.5 Sec. 36. Minnesota Statutes 2008, section 354A.12, is amended by adding a
85.6 subdivision to read:

85.7 Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers,
85.8 within the time period specified in subdivision 8 following the payment of a refund or
85.9 the accrual date of any retirement annuity, survivor benefit, or disability benefit, that
85.10 benefit overpayment has occurred due to using invalid service or salary, or due to any
85.11 erroneous calculation procedure, the executive director must recalculate the annuity or
85.12 benefit payable and recover any overpayment. The executive director shall recover the
85.13 overpayment by requiring direct repayment or by suspending or reducing the payment of a
85.14 retirement annuity or other benefit payable under this chapter to the applicable person or
85.15 the person's estate, whichever applies, until all outstanding amounts have been recovered.

85.16 (b) In the event the executive director determines that an overpaid annuity or benefit
85.17 that is the result of invalid salary included in the average salary used to calculate the
85.18 payment amount must be recovered, the executive director must determine the amount of
85.19 the employee deductions taken in error on the invalid salary, with interest as determined
85.20 under 354A.37, subdivision 3, and must subtract that amount from the total annuity or
85.21 benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if
85.22 any, must be recovered.

85.23 (c) If the invalid employee deductions plus interest exceed the amount of the
85.24 overpaid benefits, the balance must be refunded to the person to whom the benefit or
85.25 annuity is being paid.

85.26 (d) Any invalid employer contributions reported on the invalid salary must be
85.27 credited against future contributions payable by the employer.

85.28 (e) If a member or former member, who is receiving a retirement annuity or
85.29 disability benefit for which an overpayment is being recovered, dies before recovery of the
85.30 overpayment is completed and an optional annuity or refund is payable, the remaining
85.31 balance of the overpaid annuity or benefit must continue to be recovered from the payment
85.32 to the optional annuity beneficiary or refund recipient.

85.33 (f) The board of trustees shall adopt policies directing the period of time and manner
85.34 for the collection of any overpaid retirement or optional annuity, and survivor or disability

86.1 benefit, or a refund that the executive director determines must be recovered as provided
86.2 under this section.

86.3 **EFFECTIVE DATE.** This section is effective the day after final enactment.

86.4 Sec. 37. Minnesota Statutes 2008, section 354A.12, is amended by adding a
86.5 subdivision to read:

86.6 Subd. 8. **Additional procedures.** (a) If paragraph (b) does not apply, the period of
86.7 adjustment under subdivisions 6 and 7 is limited to the fiscal year in which the error is
86.8 discovered by the executive director and the immediate two preceding fiscal years.

86.9 (b) If there is evidence of fraud or other misconduct on the part of the employee or
86.10 the employer, the board of trustees may authorize adjustments to the account of a member
86.11 or former member to correct erroneous employee deductions and employer contributions
86.12 on invalid salary and the recovery of any overpayments for a period longer than specified
86.13 under paragraph (a).

86.14 (c) Notwithstanding other provisions of this section, the executive director may
86.15 apply the Revenue Procedures defined in the Internal Revenue Service Employee Plans
86.16 Compliance Resolution System and not issue a refund of erroneous employee deductions
86.17 and employer contributions or not recover a small overpayment of benefits if the cost to
86.18 correct the error would exceed the amount of the refund or overpayment.

86.19 (d) Notwithstanding other provisions of this section, interest of \$10 or less shall not
86.20 be payable to a member or former member.

86.21 **EFFECTIVE DATE.** This section is effective the day after final enactment.

86.22 Sec. 38. Minnesota Statutes 2008, section 354A.12, is amended by adding a
86.23 subdivision to read:

86.24 Subd. 9. **Employer responsibility for fees, penalties.** Any fees or penalties
86.25 assessed by the Internal Revenue Service for any failure by an employer to follow the
86.26 statutory requirements for reporting eligible members and salary must be paid by the
86.27 employer.

86.28 **EFFECTIVE DATE.** This section is effective the day after final enactment.

86.29 Sec. 39. Minnesota Statutes 2008, section 354A.36, subdivision 6, is amended to read:

86.30 Subd. 6. **Requirement for regular physical examinations.** At least once each year
86.31 during the first five years following the granting of a disability benefit to a coordinated
86.32 member by the board and at least once in every three year period thereafter, the board shall

87.1 may require the disability benefit recipient to undergo an expert examination as a condition
87.2 for continued entitlement of the benefit recipient to receive a disability benefit. If the board
87.3 requires an examination, the expert examination must be made at the place of residence of
87.4 the disability benefit recipient or at any other place mutually agreeable to the disability
87.5 benefit recipient and the board. The expert examination must be made by a physician or
87.6 physicians, by a chiropractor or chiropractors, or by one or more psychologists engaged
87.7 by the board. The physician or physicians, the chiropractor or chiropractors, or the
87.8 psychologist or psychologists with respect to a mental impairment, conducting the expert
87.9 examination shall make a written report to the board concerning the disability benefit
87.10 recipient and the recipient's disability, including a statement of the expert opinion of
87.11 the physician, chiropractor, or psychologist as to whether or not the member remains
87.12 permanently and totally disabled within the meaning of section 354A.011, subdivision
87.13 14. If the board determines from consideration of the written expert examination report
87.14 of the physician, of the chiropractor, or of the psychologist, with respect to a mental
87.15 impairment, that the disability benefit recipient is no longer permanently and totally
87.16 disabled or if the board determines that the benefit recipient is engaged or is able to
87.17 engage in a gainful occupation, unless the disability benefit recipient is partially employed
87.18 under subdivision 7, then further disability benefit payments from the fund must be
87.19 discontinued. The discontinuation of disability benefits must occur immediately if the
87.20 disability recipient is reinstated to the district payroll following sick leave and within 60
87.21 days of the determination by the board following the expert examination and report of the
87.22 physician or physicians, chiropractor or chiropractors, or psychologist or psychologists
87.23 engaged by the board that the disability benefit recipient is no longer permanently and
87.24 totally disabled within the meaning of section 354A.011, subdivision 14.

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

87.26 Sec. 40. Minnesota Statutes 2008, section 356.401, subdivision 2, is amended to read:

87.27 Subd. 2. **Automatic deposits.** (a) The chief administrative officer of a covered
87.28 retirement plan may remit, through an automatic deposit system, annuity, benefit, or
87.29 refund payments only to a financial institution associated with the National Automated
87.30 Clearinghouse Association or a comparable successor organization that is trustee for a
87.31 person who is eligible to receive the annuity, benefit, or refund.

87.32 (b) Upon the request of a retiree, disabilitant, survivor, or former member, the chief
87.33 administrative officer of a covered retirement plan may remit the annuity, benefit, or
87.34 refund ~~check~~ payment to the applicable financial institution for deposit in the person's
87.35 individual account or the person's joint account. If an overpayment of benefits is paid

88.1 after the death of the annuitant or benefit recipient, the chief administrative officer of
88.2 the pension plan is authorized to issue an administrative subpoena consistent with the
88.3 requirements of section 13A.02, requiring the applicable financial institution to disclose
88.4 the names of all joint and co-owners of the account and a description of all deposits to,
88.5 and withdrawals from, the account which take place on or after the death of the annuitant
88.6 or benefit recipient. An overpayment to a joint account after the death of the annuitant or
88.7 benefit recipient must be repaid to the fund of the applicable covered retirement plan by
88.8 the joint tenant if the overpayment is not repaid to that fund by the financial institution
88.9 associated with the National Automated Clearinghouse Association or its successor. The
88.10 governing board of the covered retirement plan may prescribe the conditions under which
88.11 these payments may be made.

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

88.13 Sec. 41. Minnesota Statutes 2008, section 356.465, subdivision 1, is amended to read:

88.14 Subdivision 1. **Inclusion as recipient.** ~~Notwithstanding any provision to the~~
88.15 ~~contrary of the laws, articles of incorporation, or bylaws governing a covered retirement~~
88.16 ~~plan specified in subdivision 3,~~ A retiring member may designate a qualified supplemental
88.17 needs trust under subdivision 2 as the remainder recipient on an optional retirement
88.18 annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental
88.19 needs trust.

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

88.21 Sec. 42. Minnesota Statutes 2008, section 356.465, is amended by adding a subdivision
88.22 to read:

88.23 Subd. 4. **Expanded eligibility.** (a) Notwithstanding subdivision 1, for a retirement
88.24 plan specified in paragraph (b), a designation under subdivision 1 may be made by an
88.25 active, disabled, deferred, or retiring member.

88.26 (b) The applicable plan is the Teachers Retirement Association established under
88.27 chapter 354.

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

88.29 Sec. 43. Minnesota Statutes 2008, section 356.611, subdivision 3, is amended to read:

88.30 Subd. 3. **Maximum benefit limitations.** A member's annual benefit, if necessary,
88.31 must be reduced to the extent required by section 415(b) of the federal Internal Revenue
88.32 Code, as adjusted by the United States secretary of the treasury under section 415(d) of the

89.1 Internal Revenue Code for any applicable increases in the cost of living after the member's
89.2 termination of employment. For purposes of section 415 of the federal Internal Revenue
89.3 Code, the limitation year of a pension plan covered by this section must be the fiscal year
89.4 or calendar year of that plan, whichever is applicable. ~~The accrued benefit limitation~~
89.5 ~~described in section 415(e) of the Internal Revenue Code must cease to be effective for~~
89.6 ~~limitation years beginning after December 31, 1999.~~

89.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

89.8 Sec. 44. Minnesota Statutes 2008, section 356.611, subdivision 4, is amended to read:

89.9 Subd. 4. **Compensation.** (a) For purposes of this section, compensation means
89.10 a member's compensation actually paid or made available for any limitation year
89.11 ~~determined as provided by~~ including items described in federal treasury regulation section
89.12 ~~1.415-2(d)(10)~~ 1.415(c)-2(b) and excluding items described in federal treasury regulation
89.13 section 1.415(c)-2(c).

89.14 (b) Compensation for any period includes:

89.15 (1) any elective deferral as defined in section 402(g)(3) of the federal Internal
89.16 Revenue Code;

89.17 (2) any elective amounts that are not includable in a member's gross income by
89.18 reason of sections 125 or 457 of the federal Internal Revenue Code; and

89.19 (3) any elective amounts that are not includable in a member's gross income by
89.20 reason of section 132(f)(4) of the federal Internal Revenue Code.

89.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

89.22 Sec. 45. Minnesota Statutes 2008, section 356.635, subdivision 6, is amended to read:

89.23 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

89.24 (1) an individual retirement account under section 408(a) of the federal Internal
89.25 Revenue Code;

89.26 (2) an individual retirement annuity plan under section 408(b) of the federal Internal
89.27 Revenue Code;

89.28 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

89.29 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code
89.30 that accepts the distributee's eligible rollover distribution;

89.31 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code; ~~or~~

90.1 (6) an eligible deferred compensation plan under section 457(b) of the federal
90.2 Internal Revenue Code, which is maintained by a state or local government and which
90.3 agrees to separately account for the amounts transferred into the plan; or

90.4 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an
90.5 individual account or annuity treated as an inherited individual retirement account under
90.6 section 402(c)(11) of the federal Internal Revenue Code.

90.7 (b) For distributions of after-tax contributions which are not includable in gross
90.8 income, the after-tax portion may be transferred only to an individual retirement account
90.9 or annuity described in section 408(a) or (b) of the federal Internal Revenue Code, or
90.10 to a qualified defined contribution plan described in either section 401(a) or 403(a) of
90.11 the federal Internal Revenue Code, that agrees to separately account for the amounts
90.12 transferred, including separately accounting for the portion of the distribution which is
90.13 includable in gross income and the portion of the distribution which is not includable.

90.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

90.15 Sec. 46. Minnesota Statutes 2008, section 356.635, subdivision 7, is amended to read:

90.16 Subd. 7. **Distributee.** A "distributee" is:

90.17 (1) an employee or a former employee;

90.18 (2) the surviving spouse of an employee or former employee; ~~or~~

90.19 (3) the former spouse of the employee or former employee who is the alternate
90.20 payee under a qualified domestic relations order as defined in section 414(p) of the federal
90.21 Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution of
90.22 marital property, as provided in section 518.58; or

90.23 (4) a nonspousal beneficiary of an employee or former employee who qualifies
90.24 for a distribution under the plan and is a designated beneficiary as defined in section
90.25 401(a)(9)(E) of the federal Internal Revenue Code.

90.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

90.27 Sec. 47. Minnesota Statutes 2008, section 356.96, subdivision 5, is amended to read:

90.28 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
90.29 may petition for a review of that decision by the governing board of the covered pension
90.30 plan.

90.31 (b) A petition under this section must be sent to the chief administrative officer
90.32 by mail and must be postmarked no later than 60 days after the person received the
90.33 notice required by subdivision 3. The petition must include the person's statement of

91.1 the reason or reasons that the person believes the decision of the chief administrative
91.2 officer should be reversed or modified. The petition may include all documentation and
91.3 written materials that the petitioner deems to be relevant. In developing a record for
91.4 review by the board when a decision is appealed, the executive director may direct that the
91.5 applicant participate in a fact-finding session conducted by an administrative law judge
91.6 assigned by the Office of Administrative Hearings and, as applicable, participate in a
91.7 vocational assessment conducted by a qualified rehabilitation counselor on contract with
91.8 the applicable retirement system.

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

91.10 Sec. 48. Laws 2006, chapter 271, article 5, section 5, as amended by Laws 2008,
91.11 chapter 349, article 5, section 36, is amended to read:

91.12 Sec. 5. **EFFECTIVE DATE.**

91.13 (a) Sections 1, 3, and 4 are effective the day following final enactment and section 3
91.14 has effect retroactively from July 25, 2005.

91.15 (b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the
91.16 latter of:

91.17 (1) the day after the governing body of the Cannon Falls Hospital District and its
91.18 chief clerical officer meet the requirements under Minnesota Statutes, section 645.021,
91.19 subdivisions 2 and 3; and

91.20 (2) the first day of the month following certification to the Cannon Falls Hospital
91.21 District by the executive director of the Public Employees Retirement Association that the
91.22 actuarial accrued liability of the special benefit coverage proposed for extension to the
91.23 privatized City of Cannon Falls Hospital employees under section 1 does not exceed the
91.24 actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as
91.25 calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.
91.26 The cost of the actuarial calculations must be borne by the current employer or by the
91.27 entity which is the employer following the privatization.

91.28 (c) Section 2, with respect to Clearwater County Memorial Hospital, is effective
91.29 upon the latter of:

91.30 (1) the day after the governing body of Clearwater County and its chief clerical
91.31 officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2
91.32 and 3, except that the certificate of approval must be filed before January 1, ~~2009~~ 2010; and

91.33 (2) the first day of the month following certification to Clearwater County by the
91.34 executive director of the Public Employees Retirement Association that the actuarial
91.35 accrued liability of the special benefit coverage proposed for extension to the privatized

92.1 Clearwater Health Services employees under section 2 does not exceed the actuarial gain
92.2 otherwise to be accrued by the Public Employees Retirement Association, as calculated by
92.3 the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of
92.4 the actuarial calculations must be borne by the current employer or by the entity which is
92.5 the employer following the privatization.

92.6 (d) Section 2 with respect to the Dassel Lakeside Community Home is effective
92.7 upon the latter of:

92.8 (1) the day after the governing body of the city of Dassel and its chief clerical officer
92.9 timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2
92.10 and 3; and

92.11 (2) the first day of the month next following certification to the Dassel City
92.12 Council by the executive director of the Public Employees Retirement Association that
92.13 the actuarial accrued liability of the special benefit coverage proposed for extension to
92.14 the privatized Dassel Lakeside Community Home employees under section 2 does not
92.15 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement
92.16 Association, as calculated by the consulting actuary retained under Minnesota Statutes,
92.17 section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel
92.18 or by the entity which is the employer following the privatization.

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

92.20 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY;**
92.21 **CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER**
92.22 **CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

92.23 **Subdivision 1. Application.** Notwithstanding any provisions of sections 10 and 11,
92.24 or Minnesota Statutes 2008, chapters 353 and 356, to the contrary, this section establishes
92.25 the procedures by which the executive director of the Public Employees Retirement
92.26 Association shall adjust erroneous employee deductions and employer contributions
92.27 paid on behalf of active employees and former members by the city of Duluth and by
92.28 the Duluth Airport Authority on amounts determined by the executive director to be
92.29 invalid salary under Minnesota Statutes, section 353.01, subdivision 10, reported between
92.30 January 1, 1997, and October 23, 2008, and for adjusting benefits that were paid to former
92.31 members and their beneficiaries based upon invalid salary amounts.

92.32 **Subd. 2. Refunds of employee deductions.** (a) The executive director shall refund
92.33 to active employees or former members who are not receiving retirement annuities or
92.34 benefits all erroneous employee deductions identified by the city of Duluth or by the
92.35 Duluth Airport Authority as deductions taken from amounts determined to be invalid

93.1 salary. The refunds must include interest at the rate specified in Minnesota Statutes,
93.2 section 353.34, subdivision 2, from the date each invalid employee deduction was received
93.3 through the date each refund is paid.

93.4 (b) The refund payment for active employees must be sent to the applicable
93.5 governmental subdivision which must pay the refunded employee deductions plus interest
93.6 to the active members who are employees of the city of Duluth or who are employees of
93.7 the Duluth Airport Authority, as applicable.

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

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

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

93.16 (2) determine the amount of the overpaid benefits paid from the effective date of
93.17 the annuity or benefit payment to the first of the month in which the monthly benefit
93.18 amount is corrected;

93.19 (3) calculate the amount of employee deductions taken in error on invalid salary,
93.20 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
93.21 from the date each invalid employee deduction was received through the date the annuity
93.22 or benefit is adjusted as provided under clause (1); and

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

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

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

93.31 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
93.32 provide a credit without interest to the city of Duluth and to the Duluth Airport Authority
93.33 for the amount of that governmental subdivision's erroneous employer contributions. The
93.34 credit must first be used to offset the net amount of the overpaid retirement annuities and
93.35 the disability and survivor benefits that remains after applying the amount of erroneous
93.36 employee deductions with interest as provided under subdivision 3, clause (4). The

94.1 remaining erroneous employer contributions, if any, must be credited against future
94.2 employer contributions required to be paid by the applicable governmental subdivision. If
94.3 the overpaid benefits exceed the employer contribution credit, the balance of the overpaid
94.4 benefits is the obligation of the city of Duluth or the Duluth Airport Authority, whichever
94.5 is applicable.

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

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

94.13 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
94.14 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely
94.15 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2
94.16 and 3, for members who are, and former members who were, employees of the Duluth
94.17 Airport Authority.

94.18 Sec. 50. **APPLICATION OF PUBLIC EMPLOYEES RETIREMENT**
94.19 **ASSOCIATION ERRONEOUS RECEIPTS AND DISBURSEMENTS PROVISION;**
94.20 **ELECTION.**

94.21 (a) If adjustments under section 10 due to invalid salary amounts are in process as of
94.22 the effective date of this section for employees or former employees of a governmental
94.23 subdivision, the governing body of the governmental subdivision may elect to have the
94.24 statute of limitations under section 10, paragraphs (c) and (g), apply to adjustments
94.25 or corrections in process as of the effective date of section 10, by a resolution of the
94.26 governing body transmitted to the Public Employees Retirement Association executive
94.27 director within 90 days after the effective date of this section.

94.28 (b) If the governing body of the governmental subdivision declines the treatment
94.29 permitted under paragraph (a) or fails to submit a resolution in a timely manner, the statute
94.30 of limitations does not apply to adjustments or corrections in process as of the effective
94.31 date.

94.32 **EFFECTIVE DATE.** This section is effective the day after final enactment.

94.33 Sec. 51. **REPEALER.**

95.1 Minnesota Statutes 2008, sections 354.06, subdivision 6; and 354.55, subdivision
95.2 14, are repealed.

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

95.4 **ARTICLE 5**

95.5 **LOCAL GOVERNMENT POST RETIREMENT OPTION PROGRAM**

95.6 Section 1. Minnesota Statutes 2008, section 353.01, subdivision 11b, is amended to
95.7 read:

95.8 Subd. 11b. **Termination of membership.** (a) "Termination of membership" means
95.9 the conclusion of membership in the association for a person who has not terminated
95.10 public service under subdivision 11a and occurs:

95.11 (1) when a person files a written election with the association to discontinue
95.12 employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1);

95.13 (2) when a city manager files a written election with the association to discontinue
95.14 employee deductions under section 353.028, subdivision 2; ~~or~~

95.15 (3) when a member transfers to a temporary position and becomes excluded from
95.16 membership under subdivision 2b, clause (4); or

95.17 (4) when a member is approved to participate in the postretirement option authorized
95.18 under section 353.371.

95.19 (b) The termination of membership under ~~clause~~ clauses (3) and (4) must be reported
95.20 to the association by the governmental subdivision.

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

95.22 Sec. 2. **[353.371] POSTRETIREMENT OPTION.**

95.23 Subdivision 1. **Eligibility.** (a) This section applies to a basic or coordinated member
95.24 of the general employees retirement plan of the Public Employees Retirement Association
95.25 who:

95.26 (1) for at least the five years immediately preceding separation under clause (2), was
95.27 regularly scheduled to work 1,044 or more hours per year in a position covered by the
95.28 general employees retirement plan of the Public Employees Retirement Association;

95.29 (2) terminates membership as defined under section 353.01, subdivision 11b;

95.30 (3) at the time of termination under clause (2), was at least age 62 and met the age
95.31 and service requirements necessary to receive a retirement annuity from the plan and
95.32 satisfied requirements for the commencement of the retirement annuity;

96.1 (4) agrees to accept a postretirement option position with the same or a different
96.2 governmental subdivision, working a reduced schedule that is both:

96.3 (i) a reduction of at least 25 percent from the employee's number of previously
96.4 regularly scheduled work hours; and

96.5 (ii) 1,044 hours or less in public; and

96.6 (5) is not eligible for participation in the state employee postretirement option
96.7 program under section 43A.346.

96.8 (b) For purposes of this section, the length of separation requirement and termination
96.9 of service requirement prohibiting return to work agreements under section 353.01,
96.10 subdivisions 11a and 28, are not applicable.

96.11 Subd. 2. **Annuity reduction not applicable.** Notwithstanding any law to the
96.12 contrary, the provisions of section 353.37 governing annuities of reemployed annuitants
96.13 do not apply for the duration of a terminated member's employment in a postretirement
96.14 option position.

96.15 Subd. 3. **Governing body discretion.** The governing body of the governmental
96.16 subdivision has sole discretion to determine if and the extent to which a postretirement
96.17 option position under this section is available to a terminated member. Any offer of such
96.18 a position must be made in writing to the person by the governing body's designee in a
96.19 manner prescribed by the executive director.

96.20 Subd. 4. **Duration.** Postretirement option employment shall be for an initial period
96.21 not to exceed one year. At the end of the initial period, the governing body has sole
96.22 discretion to determine if the offer of a postretirement option position will be renewed,
96.23 renewed with modifications, or terminated. Postretirement option employment may be
96.24 renewed annually, but may not be renewed after the individual attains retirement age as
96.25 defined in United States Code, title 42, section 416(l).

96.26 Subd. 5. **Copy to fund.** The appointing authority shall provide the Public
96.27 Employees Retirement Association with documentation, as prescribed by the executive
96.28 director, of the terms of any agreement entered into with a member who accepts continuing
96.29 employment with the appointing authority under the terms of this section, and any
96.30 subsequent renewal agreement.

96.31 Subd. 6. **No service credit.** Notwithstanding any law to the contrary, a person
96.32 may not earn service credit in the general employees retirement plan of the Public
96.33 Employees Retirement Association for employment covered under this section, and
96.34 employer contributions and payroll deductions for the retirement fund must not be made
96.35 based on earnings of a person working under an agreement covered by this section. No

97.1 change may be made to a monthly annuity or retirement allowance based on employment
97.2 under this section.

97.3 Subd. 7. **Subsequent employment.** If a person has been in a postretirement option
97.4 position and accepts any other position in public service beyond the period of time for
97.5 which the person participated in the postretirement option provided under this section, the
97.6 person may not earn service credit in the general employees retirement plan of the Public
97.7 Employees Retirement Association, no employer contributions or payroll deductions for
97.8 the retirement fund may be made, and the provisions of section 353.37 apply.

97.9 **EFFECTIVE DATE.** This section is effective the day following final enactment
97.10 and expires on June 30, 2011. Individuals must not be appointed to a postretirement option
97.11 position after that date.

97.12 **ARTICLE 6**

97.13 **TEACHER RETIREMENT BENEFIT AND FUNDING CHANGES**

97.14 Section 1. Minnesota Statutes 2008, section 127A.50, subdivision 1, is amended to
97.15 read:

97.16 Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year
97.17 thereafter, the commissioner of education shall adjust state aid payments to school
97.18 operating funds for Independent School District No. 625 and Independent School District
97.19 No. 709 by the net amount of clauses (1) ~~and~~ (2), and (5), for Special School District
97.20 No. 1 by the net amount of clauses (1), (2), ~~and~~ (4), and (5), and for all other districts,
97.21 including charter schools, but excluding any education organizations that are prohibited
97.22 from receiving direct state aids under section 123A.26 or 125A.75, subdivision 7, by the
97.23 net amount of clauses (1), (2), (3), ~~and~~ (4), and (5):

97.24 (1) a decrease equal to each district's share of the fiscal year 1997 adjustment
97.25 effected under Minnesota Statutes 1996, section 124.2139;

97.26 (2) an increase equal to one percent of the salaries paid to members of the general
97.27 plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by
97.28 0.35 for fiscal year 1998 and 0.70 each year thereafter;

97.29 (3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers
97.30 Retirement Association in fiscal year 1997; ~~and~~

97.31 (4) an increase equal to 0.5 percent of the salaries paid to members of the Teachers
97.32 Retirement Association in fiscal year 2007-; and

98.1 (5) an increase equal to the specified percentage of the salaries paid to members of
98.2 the Teachers Retirement Association, the St. Paul Teachers Retirement Fund Association,
98.3 and the Duluth Teachers Retirement Fund Association in fiscal year 2012 as follows:

98.4	<u>fiscal year 2012</u>	<u>0.5 percent</u>
98.5	<u>fiscal year 2013</u>	<u>0.5 percent</u>
98.6	<u>fiscal year 2014</u>	<u>0.5 percent</u>
98.7	<u>fiscal year 2015</u>	<u>0.5 percent</u>

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

98.9 Sec. 2. Minnesota Statutes 2008, section 354.05, subdivision 38, is amended to read:

98.10 Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~
98.11 ~~person who first became a member of the association or a member of a pension fund listed~~
98.12 ~~in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a~~
98.13 ~~member of the association after June 30, 1989, normal retirement age means the higher~~
98.14 ~~of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l),~~
98.15 ~~as amended, but not to exceed age 66.~~ For a person with 30 years of service, normal
98.16 retirement age means age 62.

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

98.18 Sec. 3. Minnesota Statutes 2008, section 354.42, subdivision 2, is amended to read:

98.19 Subd. 2. **Employee.** (a) The employee contribution to the fund is an amount equal
98.20 to the following percentage of the salary of a member:

98.21 ~~(1) after July 1, 2006, for a teacher employed by Special School District No. 1,~~
98.22 ~~Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the~~
98.23 ~~teacher is a basic member;~~

98.24 ~~(2) for every other teacher, after July 1, 2006, 5.5 percent if the teacher is a~~
98.25 ~~coordinated member and 9.0 percent if the teacher is a basic member.~~

98.26	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
98.27	<u>(1) before July 1, 2011</u>	<u>5.5 percent</u>	<u>9 percent</u>
98.28	<u>(2) after June 30, 2011, and before July</u>		
98.29	<u>1, 2012</u>	<u>6 percent</u>	<u>9 percent</u>
98.30	<u>(3) after June 30, 2012, and before July</u>		
98.31	<u>1, 2013</u>	<u>6.5 percent</u>	<u>9 percent</u>
98.32	<u>(4) unless paragraph (c) applies, after</u>		
98.33	<u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9 percent</u>
98.34	<u>(5) unless paragraph (c) applies, after</u>		
98.35	<u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9 percent</u>

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

99.4 (c) After July 1, 2012, a scheduled contribution increase under paragraph (a),
99.5 clause (4) or (5), is suspended if the most recent actuarial valuation prepared under
99.6 section 356.215 indicates that there is no contribution deficiency when the total employee
99.7 contributions, employer contributions under subdivision 3, and direct state aid under
99.8 section 354A.12 and chapter 422A are compared to the actuarial required contributions of
99.9 the retirement plan.

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

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

99.14 Sec. 4. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

99.15 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special
99.16 School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an
99.17 amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated
99.18 member and 9.0 percent of the salary of each of its teachers who is a basic member. After
99.19 July 1, 2007, and before July 1, 2011, the regular employer contribution to the fund by
99.20 Special School District No. 1, Minneapolis, is an amount equal to 5.5 percent of salary of
99.21 each coordinated member and 9.5 percent of salary of each basic member. The additional
99.22 employer contribution to the fund by Special School District No. 1, Minneapolis, after
99.23 July 1, 2006, is an amount equal to 3.64 percent of the salary of each teacher who is a
99.24 coordinated member or is a basic member. The regular employer contribution to the
99.25 fund by Special School District No. 1, Minneapolis, is an amount equal to the following
99.26 percentage of the salary of each teacher:

99.27 <u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
99.28 <u>(1) before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
99.29 <u>(2) after June 30, 2011, and before July</u>		
99.30 <u>1, 2012</u>	<u>6 percent</u>	<u>9.5 percent</u>
99.31 <u>(3) after June 30, 2012, and before July</u>		
99.32 <u>1, 2013</u>	<u>6.5 percent</u>	<u>9.5 percent</u>
99.33 <u>(4) unless paragraph (d) applies, after</u>		
99.34 <u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9.5 percent</u>
99.35 <u>(5) unless paragraph (d) applies, after</u>		
99.36 <u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9.5 percent</u>

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

100.4 ~~(b)~~ (c) The employer contribution to the fund for every other employer is an amount
100.5 equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary
100.6 of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated
100.7 member and 9.5 percent of the salary of each basic member after June 30, 2007-, and
100.8 before July 1, 2011. The regular employer contribution to the fund by every other
100.9 employer is an amount equal to the following percentage of the salary of each teacher:

100.10	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
100.11	<u>(1) after June 30, 2011, and before July</u>		
100.12	<u>1, 2012</u>	<u>6 percent</u>	<u>9.5 percent</u>
100.13	<u>(2) after June 30, 2012, and before July</u>		
100.14	<u>1, 2013</u>	<u>6.5 percent</u>	<u>9.5 percent</u>
100.15	<u>(3) unless paragraph (d) applies, after</u>		
100.16	<u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9.5 percent</u>
100.17	<u>(4) unless paragraph (d) applies, after</u>		
100.18	<u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9.5 percent</u>

100.19 (d) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause
100.20 (4) or (5), and paragraph (c), clause (3) or (4), is suspended if the most recent actuarial
100.21 valuation prepared under section 356.215 indicates that there is no contribution deficiency
100.22 when the total employee contributions, employer contributions under subdivision 3, and
100.23 direct state aid under section 354A.12 and chapter 422A are compared to the actuarial
100.24 required contributions of the retirement plan.

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

100.26 Sec. 5. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
100.27 to read:

100.28 Subd. 4b. **Determination.** (a) For purposes of this section, a contribution
100.29 sufficiency exists if, for purposes of the applicable plan, the total of the employee
100.30 contributions, the employer contributions, and any additional employer contributions, if
100.31 applicable, exceeds the total of the normal cost, the administrative expenses, and the
100.32 amortization contribution of the retirement plan as reported in the most recent actuarial
100.33 valuation of the retirement plan prepared by the actuary retained under section 356.214
100.34 and prepared under section 356.215 and the standards for actuarial work of the Legislative
100.35 Commission on Pensions and Retirement.

100.36 (b) For purposes of this section, a contribution deficiency exists if, for the applicable
100.37 plan, the total employee contributions, the employer contributions, and any additional

101.1 employer contributions are less than the total of the normal cost, the administrative
101.2 expenses, and the amortization contribution of the retirement plan as reported in the most
101.3 recent actuarial valuation of the retirement plan prepared by the actuary retained under
101.4 section 356.214 and prepared under section 356.215 and the standards for actuarial work
101.5 of the Legislative Commission on Pensions and Retirement.

101.6 Sec. 6. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
101.7 to read:

101.8 Subd. 4c. **Contribution rate revision.** Notwithstanding the contribution rate
101.9 provisions stated in plan law, the employee and employer contribution rates must be
101.10 adjusted:

101.11 (1) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
101.12 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal
101.13 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee
101.14 and employer contribution rates for the applicable plan must be decreased as determined
101.15 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of
101.16 covered payroll based on the most recent actuarial valuation; or

101.17 (2) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
101.18 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of
101.19 covered payroll for two consecutive years, the employee and employer contribution rates
101.20 for the applicable plan must be increased as determined under subdivision 4 to a level such
101.21 that no deficiency exists based on the most recent actuarial valuation.

101.22 Sec. 7. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
101.23 to read:

101.24 Subd. 4d. **Reporting, commission review.** (a) The contribution rate increase
101.25 or decrease must be determined by the executive director of the Teachers Retirement
101.26 Association, must be reported to the chair and the executive director of the Legislative
101.27 Commission on Pensions and Retirement on or before the next February 1, and, if the
101.28 Legislative Commission on Pensions and Retirement does not recommend against the
101.29 rate change or does not recommend a modification in the rate change, is effective on the
101.30 next July 1 following the determination by the executive director that a contribution
101.31 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
101.32 recent actuarial valuations under section 356.215. If the actuarially required contribution
101.33 exceeds or is less than the total support provided by the combined employee and employer
101.34 contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the

102.1 applicable plan employee and employer contribution rates must be adjusted incrementally
102.2 over one or more years to a level such that there remains a contribution sufficiency of no
102.3 more than 0.25 percent of covered payroll.

102.4 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the
102.5 employee or employer contribution rates per year in which any adjustment is implemented.

102.6 For an applicable plan, a contribution rate adjustment under this section must not be
102.7 made until at least two years have passed since fully implementing a previous adjustment
102.8 under this section.

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

102.10 Sec. 8. Minnesota Statutes 2008, section 354.44, subdivision 6, is amended to read:

102.11 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula
102.12 retirement annuity must be computed in accordance with the applicable provisions of the
102.13 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under
102.14 section 354.05, subdivision 13a, for the period of the member's formula service credit.

102.15 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
102.16 became a member of the association or a member of a pension fund listed in section
102.17 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
102.18 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
102.19 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
102.20 percentages per year of formula service credit ~~shall determine~~ determines the amount
102.21 of the annuity to which the member qualifying therefor is entitled for service rendered
102.22 before July 1, 2006:

	Coordinated Member	Basic Member
102.23		
102.24	Each year of service during	the percent specified
102.25	first ten	in section 356.315,
102.26		subdivision 1, per year
102.27	Each year of service	the percent specified
102.28	thereafter	in section 356.315,
102.29		subdivision 4, per year

102.30 For service rendered on or after July 1, 2006, the average salary as defined in section
102.31 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
102.32 determines the amount the annuity to which the member qualifying therefor is entitled:

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		Coordinated Member	Basic Member
103.1			
103.2	Each year of service during	the percent specified	the percent specified
103.3	first ten	in section 356.315,	in section 356.315,
103.4		subdivision 1a, per year	subdivision 3, per year
103.5	Each year of service after	the percent specified	the percent specified
103.6	ten years of service	in section 356.315,	in section 356.315,
103.7		subdivision 2b, per year	subdivision 4, per year

103.8 (c)(i) This paragraph applies only to a person who first became a member of the
103.9 association or a member of a pension fund listed in section 356.30, subdivision 3, before
103.10 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in
103.11 conjunction with this paragraph than when calculated under paragraph (d), in conjunction
103.12 with paragraph (e).

103.13 (ii) Where any member retires prior to normal retirement age under a formula
103.14 annuity, the member ~~shall~~ must be paid a retirement annuity in an amount equal to the
103.15 normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each
103.16 month that the member is under normal retirement age at the time of retirement except
103.17 that for any member who has 30 or more years of allowable service credit, the reduction
103.18 ~~shall~~ must be applied only for each month that the member is under age 62.

103.19 (iii) Any member whose attained age plus credited allowable service totals 90 years
103.20 is entitled, upon application, to a retirement annuity in an amount equal to the normal
103.21 annuity provided in paragraph (b), without any reduction by reason of early retirement.

103.22 (d) This paragraph applies to a member who has become at least 55 years old and
103.23 first became a member of the association after June 30, 1989, and to any other member
103.24 who has become at least 55 years old and whose annuity amount when calculated under
103.25 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
103.26 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average
103.27 salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified
103.28 by section 356.315, subdivision 4, for each year of service for a basic member ~~shall~~
103.29 ~~determine~~ determines the amount of the retirement annuity to which the basic member is
103.30 entitled. The annuity of a basic member who was a member of the former Minneapolis
103.31 Teachers Retirement Fund Association as of June 30, 2006, must be determined according
103.32 to the annuity formula under the articles of incorporation of the former Minneapolis
103.33 Teachers Retirement Fund Association in effect as of that date. For a coordinated member,
103.34 the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent
103.35 specified in section 356.315, subdivision 2, for each year of service rendered before July
103.36 1, 2006, ~~and~~ by the percent specified in section 356.315, subdivision 2b, for each year
103.37 of service rendered on or after July 1, 2006, and before July 1, 2011, and by the percent
103.38 specified in section 356.315, subdivision 2c, for each year of service rendered after June

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104.1 30, 2011, determines the amount of the retirement annuity to which the coordinated
104.2 member is entitled. For a member who has 30 or more years of allowable service credit,
104.3 the person's normal retirement age is age 62 and the age 55 minimum early reduced benefit
104.4 retirement age does not apply to the person.

104.5 (e) This paragraph applies to a person who has become at least 55 years old and first
104.6 becomes a member of the association after June 30, 1989, and to any other member who
104.7 has become at least 55 years old and whose annuity is higher when calculated under
104.8 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
104.9 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
104.10 before the normal retirement age as defined by section 354.05, subdivision 38, ~~shall~~ must
104.11 be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity
104.12 is the actuarial equivalent of the annuity that would be payable to the employee if the
104.13 employee deferred receipt of the annuity and the annuity amount were augmented at an
104.14 annual rate of three percent compounded annually from the day the annuity begins to
104.15 accrue until the normal retirement age if the employee became an employee before July 1,
104.16 2006, and at 2.5 percent compounded annually if the employee becomes an employee after
104.17 June 30, 2006. For a member who has 30 or more years of allowable service credit, the
104.18 person's normal retirement age is age 62 and the age 55 minimum early reduced benefit
104.19 retirement age does not apply to the person.

104.20 (f) No retirement annuity is payable to a former employee with a salary that exceeds
104.21 95 percent of the governor's salary unless and until the salary figures used in computing
104.22 the highest five successive years average salary under paragraph (a) have been audited by
104.23 the Teachers Retirement Association and determined by the executive director to comply
104.24 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

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

104.26 Sec. 9. Minnesota Statutes 2008, section 354A.011, subdivision 15a, is amended to
104.27 read:

104.28 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~
104.29 ~~person who first became a member of the coordinated program of the St. Paul Teachers~~
104.30 ~~Retirement Fund Association or the new law coordinated program of the Duluth Teachers~~
104.31 ~~Retirement Fund Association or a member of a pension fund listed in section 356.30,~~
104.32 ~~subdivision 3, before July 1, 1989. For a person who first became a member of the~~
104.33 ~~coordinated program of the St. Paul Teachers Retirement Fund Association or the new law~~
104.34 ~~coordinated program of the Duluth Teachers Retirement Fund Association after June 30,~~
104.35 ~~1989, normal retirement age means the higher of age 65 or retirement age, as defined in~~

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105.1 ~~United States Code, title 42, section 416(l), as amended, but not to exceed age 66.~~ For a
105.2 person with 30 years of service, normal retirement age means age 62. For a person who is
105.3 a member of the basic program of the St. Paul Teachers Retirement Fund Association or
105.4 the old law coordinated program of the Duluth Teachers Retirement Fund Association,
105.5 normal retirement age means the age at which a teacher becomes eligible for a normal
105.6 retirement annuity computed upon meeting the age and service requirements specified
105.7 in the applicable provisions of the articles of incorporation or bylaws of the respective
105.8 teachers retirement fund association.

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

105.10 Sec. 10. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

105.11 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
105.12 by each member of a teachers retirement fund association ~~shall~~ must not be less than the
105.13 percentage of total salary specified below for the applicable association and program:

105.14	Association and Program	Percentage of Total Salary
105.15	Duluth Teachers Retirement Fund Association	
105.16	old law and new law	
105.17	coordinated programs	5.5 percent
105.18	<u>(1) before July 1, 2011</u>	<u>5.5 percent</u>
105.19	<u>(2) after June 30, 2011, and before July 1, 2012</u>	<u>6 percent</u>
105.20	<u>(3) after June 30, 2012, and before July 1, 2013</u>	<u>6.5 percent</u>
105.21	<u>(4) unless paragraph (b) applies, after June 30,</u>	
105.22	<u>2013, and before July 1, 2014</u>	<u>7 percent</u>
105.23	<u>(5) unless paragraph (b) applies, after June 30,</u>	
105.24	<u>2014</u>	<u>7.5 percent</u>
105.25	St. Paul Teachers Retirement Fund Association	
105.26	basic program	8 percent
105.27	coordinated program	5.5 percent
105.28	<u>(6) before July 1, 2011</u>	<u>5.5 percent</u>
105.29	<u>(7) after June 30, 2011, and before July 1, 2012</u>	<u>6 percent</u>
105.30	<u>(8) after June 30, 2012, and before July 1, 2013</u>	<u>6.5 percent</u>
105.31	<u>(9) unless paragraph (b) applies, after June 30,</u>	
105.32	<u>2013, and before July 1, 2014</u>	<u>7 percent</u>
105.33	<u>(10) unless paragraph (b) applies, after June 30,</u>	
105.34	<u>2014</u>	<u>7.5 percent</u>

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

105.38 (c) After July 1, 2012, a scheduled contribution increase under paragraph (a),
105.39 clause (4), (5), (9), or (10), is suspended if the most recent actuarial valuation prepared

106.1 under section 356.215 indicates that there is no contribution deficiency when the total
106.2 employee contributions, employer contributions under subdivision 3, and direct state aid
106.3 are compared to the actuarial required contributions of the retirement plan.

106.4 (d) Contributions ~~shall~~ must be made by deduction from salary and must be remitted
106.5 directly to the respective teachers retirement fund association at least once each month.

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

106.7 Sec. 11. Minnesota Statutes 2008, section 354A.12, subdivision 2a, is amended to read:

106.8 Subd. 2a. **Employer regular and additional contribution rates.** (a) The
106.9 employing units shall make the following employer contributions to teachers retirement
106.10 fund associations:

106.11 (1) for any coordinated member of a teachers retirement fund association in a city of
106.12 the first class, the employing unit shall pay the employer Social Security taxes;

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

106.17	Duluth Teachers Retirement	
106.18	Fund Association	4.50 percent
106.19	<u>(A) before July 1, 2011</u>	<u>4.5 percent</u>
106.20	<u>(B) after June 30, 2011, and</u>	
106.21	<u>before July 1, 2012</u>	<u>5 percent</u>
106.22	<u>(C) after June 30, 2012, and</u>	
106.23	<u>before July 1, 2013</u>	<u>5.5 percent</u>
106.24	<u>(D) unless clause (3) applies,</u>	
106.25	<u>after June 30, 2013, and before</u>	
106.26	<u>July 1, 2014</u>	<u>6 percent</u>
106.27	<u>(E) unless clause (3) applies,</u>	
106.28	<u>after June 30, 2014</u>	<u>6.5 percent</u>
106.29	St. Paul Teachers Retirement	
106.30	Fund Association	4.50 percent
106.31	<u>(F) before July 1, 2011</u>	<u>4.5 percent</u>
106.32	<u>(G) after June 30, 2011, and</u>	
106.33	<u>before July 1, 2012</u>	<u>5 percent</u>
106.34	<u>(H) after June 30, 2012, and</u>	
106.35	<u>before July 1, 2013</u>	<u>5.5 percent</u>
106.36	<u>(I) unless clause (3) applies,</u>	
106.37	<u>after June 30, 2013, and before</u>	
106.38	<u>July 1, 2014</u>	<u>6 percent</u>
106.39	<u>(J) unless clause (3) applies,</u>	
106.40	<u>after June 30, 2014</u>	<u>6.5 percent</u>

107.1 (3) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause
107.2 (2), item (D), (E), (I), or (J), is suspended if the most recent actuarial valuation prepared
107.3 under section 356.215 indicates that there is no contribution deficiency when the total
107.4 employee contributions, employer contributions under subdivision 3, and direct state aid
107.5 are compared to the actuarial required contributions of the retirement plan;

107.6 (4) for any basic member of the St. Paul Teachers Retirement Fund Association, the
107.7 employing unit shall make a regular employer contribution to the respective retirement
107.8 fund in an amount equal to 8.00 percent of the salary of the basic member;

107.9 ~~(4)~~ (5) for a basic member of the St. Paul Teachers Retirement Fund Association, the
107.10 employing unit shall make an additional employer contribution to the respective fund in
107.11 an amount equal to 3.64 percent of the salary of the basic member;

107.12 ~~(5)~~ (6) for a coordinated member of a teachers retirement fund association in a city
107.13 of the first class, the employing unit shall make an additional employer contribution to
107.14 the respective fund in an amount equal to the applicable percentage of the coordinated
107.15 member's salary, as provided below:

107.16	Duluth Teachers Retirement	
107.17	Fund Association	1.29 percent
107.18	St. Paul Teachers Retirement	
107.19	Fund Association	
107.20	July 1, 1993 - June 30, 1994	0.50 percent
107.21	July 1, 1994 - June 30, 1995	1.50 percent
107.22	July 1, 1997, and thereafter	3.84 percent

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

107.26 (c) The regular and additional employer contributions must be remitted directly to
107.27 the respective teachers retirement fund association at least once each month. Delinquent
107.28 amounts are payable with interest under the procedure in subdivision 1a.

107.29 ~~(e)~~ (d) Payments of regular and additional employer contributions for school district
107.30 or technical college employees who are paid from normal operating funds must be made
107.31 from the appropriate fund of the district or technical college.

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

107.33 Sec. 12. Minnesota Statutes 2008, section 354A.12, is amended by adding a
107.34 subdivision to read:

107.35 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency
107.36 exists if, for purposes of the applicable plan, the total of the employee contributions,

108.1 the employer contributions, and any additional employer contributions, if applicable,
108.2 exceeds the total of the normal cost, the administrative expenses, and the amortization
108.3 contribution of the retirement plan as reported in the most recent actuarial valuation of the
108.4 retirement plan prepared by the actuary retained under section 356.214 and prepared under
108.5 section 356.215 and the standards for actuarial work of the Legislative Commission on
108.6 Pensions and Retirement.

108.7 (b) For purposes of this section, a contribution deficiency exists if, for the applicable
108.8 plan, the total employee contributions, employer contributions, and any additional
108.9 employer contributions are less than the total of the normal cost, the administrative
108.10 expenses, and the amortization contribution of the retirement plan as reported in the most
108.11 recent actuarial valuation of the retirement plan prepared by the actuary retained under
108.12 section 356.214 and prepared under section 356.215 and the standards for actuarial work
108.13 of the Legislative Commission on Pensions and Retirement.

108.14 Sec. 13. Minnesota Statutes 2008, section 354A.12, is amended by adding a
108.15 subdivision to read:

108.16 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
108.17 provisions stated in plan law, the employee and employer contribution rates must be
108.18 adjusted:

108.19 (1) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
108.20 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal
108.21 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee
108.22 and employer contribution rates for the applicable plan must be decreased as determined
108.23 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of
108.24 covered payroll based on the most recent actuarial valuation; or

108.25 (2) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
108.26 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of
108.27 covered payroll for two consecutive years, the employee and employer contribution rates
108.28 for the applicable plan must be increased as determined under subdivision 4 to a level such
108.29 that no deficiency exists based on the most recent actuarial valuation.

108.30 Sec. 14. Minnesota Statutes 2008, section 354A.12, is amended by adding a
108.31 subdivision to read:

108.32 Subd. 4c. **Reporting, commission review.** (a) The contribution rate increase or
108.33 decrease must be determined by the executive director of the Duluth Teachers Retirement
108.34 Fund Association or the St. Paul Teachers Retirement Fund Association, and must be

109.1 reported to the chair and the executive director of the Legislative Commission on Pensions
109.2 and Retirement on or before the next February 1, and, if the Legislative Commission
109.3 on Pensions and Retirement does not recommend against the rate change or does not
109.4 recommend a modification in the rate change, is effective on the next July 1 following
109.5 the determination by the executive director that a contribution deficiency or sufficiency
109.6 has existed for two consecutive fiscal years based on the most recent actuarial valuations
109.7 under section 356.215. If the actuarially required contribution exceeds or is less than
109.8 the total support provided by the combined employee and employer contribution rates
109.9 for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan
109.10 employee and employer contribution rates must be adjusted incrementally over one or
109.11 more years to a level such that there remains a contribution sufficiency of no more than
109.12 0.25 percent of covered payroll.

109.13 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the
109.14 employee or employer contribution rates per year in which any adjustment is implemented.
109.15 For an applicable plan, a contribution rate adjustment under this section must not be
109.16 made until at least two years have passed since fully implementing a previous adjustment
109.17 under this section.

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

109.19 Sec. 15. Minnesota Statutes 2008, section 354A.31, subdivision 4, is amended to read:

109.20 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul**
109.21 **fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers
109.22 Retirement Fund Association.

109.23 (b) The normal coordinated retirement annuity is an amount equal to a retiring
109.24 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
109.25 by the retirement annuity formula percentage.

109.26 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
109.27 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
109.28 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
109.29 higher annuity amount, in which case paragraph (d) will apply. ~~The retirement annuity~~
109.30 ~~formula percentage for purposes of this paragraph is the percent specified in section~~
109.31 ~~356.315, subdivision 1, per year for each year of coordinated service for the first ten years~~
109.32 ~~and the percent specified in section 356.315, subdivision 2, for each year of coordinated~~
109.33 ~~service thereafter. The average salary multiplied by the following retirement annuity~~
109.34 formula percentage per year of allowable service determines the amount of the annuity to
109.35 which the member qualifying therefor is entitled for service rendered before July 1, 2011:

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110.1 Each year of service during first ten years the percent specified in section 356.315,
110.2 subdivision 1, per year

110.3 Each year of service thereafter the percent specified in section 356.315,
110.4 subdivision 2, per year

110.5 For service rendered on or after July 1, 2011, the average salary multiplied by the
110.6 following retirement annuity formula percentage per year of allowable service determines
110.7 the amount of the annuity to which the member qualifying therefor is entitled:

110.8 Each year of service during first ten years the percent specified in section 356.315,
110.9 subdivision 1a, per year

110.10 Each year of service thereafter the percent specified in section 356.315,
110.11 subdivision 2b, per year

110.12 (d) This paragraph applies to a person who has become at least 55 years old and who
110.13 first becomes a member after June 30, 1989, and to any other member who has become
110.14 at least 55 years old and whose annuity amount, when calculated under this paragraph
110.15 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph
110.16 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula
110.17 percentage for purposes of this paragraph is the percent specified in section 356.315,
110.18 subdivision 2, for each year of coordinated service before July 1, 2011, and by the percent
110.19 specified in section 356.315, subdivision 2c, for each year of service rendered after June
110.20 30, 2011. For a member who has 30 or more years of allowable service credit, the person's
110.21 normal retirement age is age 62 and the age 55 minimum early reduced benefit retirement
110.22 age does not apply to the person.

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

110.24 Sec. 16. Minnesota Statutes 2008, section 354A.31, subdivision 4a, is amended to read:

110.25 Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth**
110.26 **fund.** (a) This subdivision applies to the new law coordinated program of the Duluth
110.27 Teachers Retirement Fund Association.

110.28 (b) The normal coordinated retirement annuity is an amount equal to a retiring
110.29 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
110.30 by the retirement annuity formula percentage.

110.31 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
110.32 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
110.33 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
110.34 higher annuity amount, in which case paragraph (d) applies. ~~The retirement annuity~~
110.35 ~~formula percentage for purposes of this paragraph is the percent specified in section~~
110.36 ~~356.315, subdivision 1, per year for each year of coordinated service for the first ten years~~

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111.1 ~~and the percent specified in section 356.315, subdivision 2, for each subsequent year of~~
111.2 ~~coordinated service.~~ The average salary multiplied by the following retirement annuity
111.3 formula percentage per year of allowable service determines the amount of the annuity to
111.4 which the member qualifying therefor is entitled for service rendered before July 1, 2011:

111.5 Each year of service during first ten years the percent specified in section 356.315,
111.6 subdivision 1, per year

111.7 Each year of service thereafter the percent specified in section 356.315,
111.8 subdivision 2, per year

111.9 For service rendered on or after July 1, 2011, the average salary multiplied by the
111.10 following retirement annuity formula percentage per year of allowable service determines
111.11 the amount of the annuity to which the member qualifying therefor is entitled:

111.12 Each year of service during first ten years the percent specified in section 356.315,
111.13 subdivision 1a, per year

111.14 Each year of service thereafter the percent specified in section 356.315,
111.15 subdivision 2b, per year

111.16 (d) This paragraph applies to a person who is at least 55 years old and who first
111.17 becomes a member after June 30, 1989, and to any other member who is at least 55 years
111.18 old and whose annuity amount, when calculated under this paragraph and in conjunction
111.19 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction
111.20 with subdivision 6. The retirement annuity formula percentage for purposes of this
111.21 paragraph is the percent specified in section 356.315, subdivision 2, for each year of
111.22 coordinated service before July 1, 2011, and by the percent specified in section 356.315,
111.23 subdivision 2c, for each year of service rendered after June 30, 2011. For a member who
111.24 has 30 or more years of allowable service credit, the person's normal retirement age is
111.25 age 62 and the age 55 minimum early reduced benefit retirement age does not apply
111.26 to the person.

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

111.28 Sec. 17. Minnesota Statutes 2008, section 354A.31, subdivision 7, is amended to read:

111.29 Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to
111.30 a person who has become at least 55 years old and first becomes a coordinated member
111.31 after June 30, 1989, and to any other coordinated member who has become at least 55
111.32 years old and whose annuity is higher when calculated using the retirement annuity
111.33 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in
111.34 conjunction with this subdivision than when calculated under subdivision 4, paragraph
111.35 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated
111.36 member who retires before the full benefit age ~~shall~~ as defined by section 354A.011,

112.1 subdivision 15a, must be paid the retirement annuity calculated using the retirement
112.2 annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph
112.3 (d), reduced so that the reduced annuity is the actuarial equivalent of the annuity that
112.4 would be payable to the member if the member deferred receipt of the annuity and the
112.5 annuity amount were augmented at an annual rate of three percent compounded annually
112.6 from the day the annuity begins to accrue until the normal retirement age if the employee
112.7 became an employee before July 1, 2006, and at 2.5 percent compounded annually
112.8 from the day the annuity begins to accrue until the normal retirement age if the person
112.9 initially becomes a teacher after June 30, 2006. For a member who has 30 or more years
112.10 of allowable service credit, the person's normal retirement age is age 62 and the age 55
112.11 minimum early reduced benefit retirement age does not apply to the person.

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

112.13 Sec. 18. Minnesota Statutes 2008, section 356.315, is amended by adding a subdivision
112.14 to read:

112.15 **Subd. 2c. Certain coordinated members.** The applicable benefit accrual rate
112.16 is 2.1 percent.

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

112.18 ARTICLE 7

112.19 MNSCU RELATED RETIREMENT PROVISIONS

112.20 Section 1. **[136F.481] EARLY SEPARATION INCENTIVE PROGRAM.**

112.21 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees
112.22 of the Minnesota State Colleges and Universities may offer a targeted early separation
112.23 incentive program for its employees.

112.24 (b) The early separation incentive program may include one or both of the following:

112.25 (1) cash incentives, not to exceed one year of base salary; or

112.26 (2) employer contributions to the postretirement healthcare savings plan established
112.27 under section 352.98.

112.28 (c) To be eligible to receive an incentive, an employee must be at least age 55
112.29 and must have at least five years of employment by the Minnesota State Colleges and
112.30 Universities System. The board of trustees shall establish the eligibility requirements
112.31 for system employees to receive an incentive. The board of trustees shall file a copy
112.32 of its proposed eligibility requirements with the chairs and ranking members of the
112.33 Senate Committee on Higher Education and the Higher Education Budget and Policy

113.1 Division of the Senate Committee on Finance and with the chair and ranking members of
113.2 the Higher Education and Workforce Development Finance and Policy Division of the
113.3 Finance Committee of the House of Representatives at least 30 days before their final
113.4 adoption by the board of trustees, shall post the same document on the system website at
113.5 the same time, and shall hold a public hearing on the proposed eligibility requirements.
113.6 The type and any additional amount of the incentive to be offered may vary by employee
113.7 classification, as specified by the board.

113.8 (d) The president of a college or university, consistent with paragraphs (b) and
113.9 (c), may designate:

113.10 (1) specific departments or programs at the college or university whose employees
113.11 are eligible to be offered the incentive program; or

113.12 (2) positions at the college or university eligible to be offered the incentive program.

113.13 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

113.14 (1) system office divisions whose employees are eligible to be offered the incentive
113.15 program; or

113.16 (2) positions at the system office eligible to be offered the incentive program.

113.17 (f) Acceptance of the offered incentive must be voluntary on the part of the employee
113.18 and must be in writing. The incentive may only be offered at the sole discretion of the
113.19 president of the applicable college or university.

113.20 (g) A decision by the president of a college or university or by the chancellor not to
113.21 offer an incentive may not be challenged.

113.22 (h) The cost of the incentive is payable by the college or university on whose behalf
113.23 the president offered the incentive or from the system office budget if the chancellor
113.24 offered the incentive. If a college or university is merged, the remaining cost of any
113.25 early separation incentive must be borne by the successor institution. If a college or
113.26 university is closed, the remaining cost of any early separation incentive must be borne
113.27 by the board of trustees.

113.28 (i) Annually, the chancellor and the president of each college or university must
113.29 report on the number and types of early separation incentives which were offered and
113.30 utilized under this section. The report must be filed annually with the board of trustees and
113.31 with the Legislative Reference Library on or before September 1.

113.32 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final
113.33 enactment and expires June 30, 2014.

113.34 Sec. 2. **[136F.482] APPLICATION OF OTHER LAWS.**

114.1 Unilateral implementation of section 136F.481 by the Board of Trustees of the
114.2 Minnesota State Colleges and Universities, by the chancellor, or by a president of a college
114.3 or university is not an unfair labor practice under chapter 179A.

114.4 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final
114.5 enactment and expires June 30, 2014.

114.6 Sec. 3. Minnesota Statutes 2008, section 354B.21, subdivision 2, is amended to read:

114.7 Subd. 2. **Coverage; election.** ~~(a) For Eligible persons who were employed by~~
114.8 ~~the former state university system or the former community college system before May~~
114.9 ~~1, 1995, the person has the retirement coverage that the person had for employment~~
114.10 ~~immediately before May 1, 1995.~~

114.11 ~~(b) For all other eligible persons~~ (a) Eligible persons who were employed by
114.12 the Minnesota State Colleges and Universities System on or after June 30, 2009,
114.13 unless otherwise specified in this section, ~~the eligible person is~~ are authorized to elect
114.14 prospective Teachers Retirement Association plan coverage rather than coverage by
114.15 the plan established by this chapter. The election of prospective Teachers Retirement
114.16 Association plan coverage ~~shall~~ must be made within one year of commencing eligible
114.17 Minnesota State Colleges and Universities system employment. If an election is not made
114.18 within the specified election period due to a termination of Minnesota State Colleges and
114.19 Universities system employment, an election may be made within 90 days of returning to
114.20 eligible Minnesota State Colleges and Universities system employment. All elections are
114.21 irrevocable. ~~Prior to~~ Before making an election, the eligible person ~~shall be~~ is covered by
114.22 the plan indicated as default coverage under subdivision 3.

114.23 (b) Except as provided in paragraph (c), a purchase of service credit in the Teachers
114.24 Retirement Association plan for any period or periods of Minnesota State Colleges and
114.25 Universities system employment occurring ~~prior to~~ before the election under paragraph
114.26 ~~(b)~~ (a) is prohibited.

114.27 (c) Notwithstanding paragraphs (a) and (b), a faculty member who is a member of
114.28 the individual retirement account plan who first achieves tenure or its equivalent at a
114.29 Minnesota state college or university after June 30, 2009, may elect to transfer retirement
114.30 coverage under the teachers retirement plan within one year of the faculty member
114.31 achieving tenure or its equivalent at a Minnesota state college or university. The faculty
114.32 member electing Teachers Retirement Association coverage under this paragraph must
114.33 purchase service credit in the Teachers Retirement Association for the entire period of
114.34 time covered under the individual retirement account plan and the purchase payment
114.35 amount must be determined under section 356.551. The Teachers Retirement Association

115.1 may charge a faculty member transferring coverage a reasonable fee to cover the costs
115.2 associated with computing the actuarial cost of purchasing service credit and making the
115.3 transfer. A faculty member transferring from the individual retirement account plan to the
115.4 Teachers Retirement Association may use any balances to the credit of the faculty member
115.5 in the individual retirement account plan, any balances to the credit of the faculty member
115.6 in the higher education supplemental retirement plan established under chapter 354C, or
115.7 any source specified in section 356.441, subdivision 1, to purchase the service credit in the
115.8 Teachers Retirement Association. If the total amount of payments under this paragraph are
115.9 less than the total purchase payment amount under section 356.551, the payment amounts
115.10 must be refunded to the applicable source. The retirement coverage transfer and service
115.11 credit purchase authority under this paragraph expires with respect to any Minnesota State
115.12 Colleges and Universities System faculty initially hired after June 30, 2014.

115.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

115.14 **ARTICLE 8**

115.15 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION**

115.16 **POSTRETIREMENT ADJUSTMENTS**

115.17 Section 1. Minnesota Statutes 2008, section 354A.29, subdivision 3, is amended to
115.18 read:

115.19 Subd. 3. **Postretirement adjustment.** (a) The postretirement adjustment described
115.20 ~~in the articles and bylaws of the St. Paul Teachers Retirement Fund Association~~ this
115.21 section must be determined by the executive director of the St. Paul Teachers Retirement
115.22 Fund Association and approved by the board annually after June 30 using the procedures
115.23 ~~under this section.~~

115.24 (b) On January 1, each eligible person who has been receiving an annuity or benefit
115.25 under the articles of incorporation, the bylaws, or this chapter for at least ~~12~~ three calendar
115.26 months as of the end of the fiscal last day of the previous calendar year is eligible to
115.27 receive a postretirement ~~adjustment of 2.0 percent that is payable each January 1~~ increase
115.28 as further specified in this subdivision.

115.29 (c) A percentage adjustment must be computed and paid under this subdivision to
115.30 eligible persons under paragraph (b). This adjustment is determined by reference to the
115.31 Consumer Price Index for urban wage earners and clerical workers all items index as
115.32 reported by the Bureau of Labor Statistics within the United States Department of Labor
115.33 each year as part of the determination of annual cost-of-living adjustments to recipients of
115.34 federal old-age, survivors, and disability insurance. For calculations of the cost-of-living

116.1 adjustment under paragraph (d), the term "average third quarter Consumer Price Index
116.2 value" means the sum of the monthly index values as initially reported by the Bureau of
116.3 Labor Statistics for the months of July, August, and September, divided by 3.

116.4 (d) Before January 1 of each year, the executive director must calculate the amount
116.5 of the cost-of-living adjustment by dividing the most recent average third quarter index
116.6 value by the same average third quarter index value from the previous year, subtract one
116.7 from the resulting quotient, and express the result as a percentage amount, which must be
116.8 rounded to the nearest one-tenth of one percent.

116.9 (e) The amount calculated under paragraph (d) is the full cost-of-living adjustment
116.10 to be applied as a permanent increase to the regular payment of each eligible member
116.11 on January 1 of the next calendar year. For any eligible member whose effective date
116.12 of benefit commencement occurred during the calendar year before the cost-of-living
116.13 adjustment is applied, the full increase amount must be prorated on the basis of whole
116.14 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
116.15 which the cost-of-living adjustment is applied, calculated to the third decimal place.

116.16 (f) The adjustment may not be less than zero, nor greater than five percent.

116.17 Sec. 2. **BYLAW REVISION AUTHORIZATION.**

116.18 Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the board of
116.19 the St. Paul Teachers Retirement Fund Association shall revise the bylaws or articles of
116.20 incorporation of the teachers retirement fund association to conform with section 1.

116.21 Sec. 3. **REPEALER.**

116.22 Minnesota Statutes 2008, section 354A.29, subdivisions 2, 4, and 5, are repealed.

116.23 Sec. 4. **EFFECTIVE DATE.**

116.24 Sections 1 to 3 are effective January 1, 2010, and expire June 30, 2011.

116.25 **ARTICLE 9**

116.26 **LOCAL POLICE AND PAID FIRE**
116.27 **RELIEF ASSOCIATION CHANGES**

116.28 Section 1. Minnesota Statutes 2008, section 69.77, subdivision 4, is amended to read:

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

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

117.4 (b) The financial requirements of the relief association for the following calendar
117.5 year must be based on the most recent actuarial valuation or survey of the special fund of
117.6 the association if more than one fund is maintained by the association, or of the association,
117.7 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
117.8 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
117.9 by the actuary of the relief association as part of obtaining a modification of the benefit
117.10 plan of the relief association and the modification is implemented, the actuarial estimate
117.11 must be used in calculating the subsequent financial requirements of the relief association.

117.12 (c) If the relief association has an unfunded actuarial accrued liability as reported in
117.13 the most recent actuarial valuation or survey, the total of the amounts calculated under
117.14 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
117.15 the following year. If the relief association does not have an unfunded actuarial accrued
117.16 liability as reported in the most recent actuarial valuation or survey, the amount calculated
117.17 under clauses (1) and (2) constitute the financial requirements of the relief association for
117.18 the following year. The financial requirement elements are:

117.19 (1) the normal level cost requirement for the following year, expressed as a dollar
117.20 amount, which must be determined by applying the normal level cost of the relief
117.21 association as reported in the actuarial valuation or survey and expressed as a percentage
117.22 of covered payroll to the estimated covered payroll of the active membership of the relief
117.23 association, including any projected change in the active membership, for the following
117.24 year;

117.25 (2) for the Bloomington Fire Department Relief Association, the Fairmont Police
117.26 Relief Association, and the Virginia Fire Department Relief Association, to the dollar
117.27 amount of normal cost determined under clause (1) must be added an amount equal to the
117.28 dollar amount of the administrative expenses of the special fund of the association if more
117.29 than one fund is maintained by the association, or of the association if only one fund is
117.30 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
117.31 expenses are those authorized under section 69.80. No amount of administrative expenses
117.32 under this clause are to be included in the financial requirements of the Minneapolis
117.33 Firefighters Relief Association or the Minneapolis Police Relief Association; and

117.34 (3) to the dollar amount of normal cost and expenses determined under clauses
117.35 (1) and (2) must be added an amount equal to the level annual dollar amount which is
117.36 sufficient to amortize the unfunded actuarial accrued liability ~~by December 31, 2010, the~~

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118.1 ~~Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association,~~
118.2 ~~and the Virginia Fire Department Relief Association, by the date determined under~~
118.3 ~~section 356.216, paragraph (a), clause (2), for the Bloomington Fire Department Relief~~
118.4 ~~Association, and by December 31, 2020, for the Minneapolis Police Relief Association, as~~
118.5 determined from the actuarial valuation or survey of the fund, using an interest assumption
118.6 set at the applicable rate specified in section 356.215, subdivision 8. ~~The, by that~~
118.7 fund's amortization date as specified in this clause applies to all local police or salaried
118.8 firefighters' relief associations and that date supersedes any amortization date specified in
118.9 any applicable special law paragraph (d).

118.10 (d) The Minneapolis Firefighters Relief Association special fund amortization date
118.11 is determined under section 423C.15, subdivisions 3 and 4. The Virginia Fire Department
118.12 Relief Association special fund amortization date is December 31, 2010. The Minneapolis
118.13 Police Relief Association special fund and the Fairmont Police Relief Association
118.14 special fund amortization date is December 31, 2020. The Bloomington Fire Department
118.15 Relief Association special fund amortization date is determined under section 356.216,
118.16 paragraph (a), clause (2). The amortization date specified in this paragraph supersedes any
118.17 amortization date specified in any applicable special law.

118.18 ~~(d)~~ (e) The minimum obligation of the municipality is an amount equal to the
118.19 financial requirements of the relief association reduced by the estimated amount of
118.20 member contributions from covered salary anticipated for the following calendar year and
118.21 the estimated amounts anticipated for the following calendar year from the applicable
118.22 state aid program established under sections 69.011 to 69.051 receivable by the relief
118.23 association after any allocation made under section 69.031, subdivision 5, paragraph (b),
118.24 clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police
118.25 and salaried firefighters' relief association amortization aid program established under
118.26 section 423A.02, subdivision 1, from the supplementary amortization state-aid program
118.27 established under section 423A.02, subdivision 1a, and from the additional amortization
118.28 state aid under section 423A.02, subdivision 1b.

118.29 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
118.30 the Fairmont City Council and the chief clerical officer of the city of Fairmont timely
118.31 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

118.32 Sec. 2. Minnesota Statutes 2008, section 423C.03, subdivision 1, is amended to read:

118.33 Subdivision 1. **Board composition and elections.** The board shall consist of
118.34 two persons appointed by the city and ~~ten~~ the number of other members specified in
118.35 the association bylaws, but not to exceed ten, who must be selected by the members.

119.1 Elections for active and retired positions on the board shall be conducted pursuant to
119.2 the association's bylaws.

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

119.4 **ARTICLE 10**

119.5 **VOLUNTARY STATEWIDE LUMP SUM**

119.6 **VOLUNTEER FIREFIGHTER RETIREMENT PLAN**

119.7 Section 1. Minnesota Statutes 2008, section 11A.17, subdivision 1, is amended to read:

119.8 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the
119.9 supplemental investment fund is to provide an investment vehicle for the assets of various
119.10 public retirement plans and funds.

119.11 (b) The fund consists of ~~seven~~ eight investment accounts: an income share account,
119.12 a growth share account, an international share account, a money market account, a fixed
119.13 interest account, a bond market account, ~~and~~ a common stock index account, and a
119.14 volunteer firefighter account.

119.15 (c) The supplemental investment fund is a continuation of the supplemental
119.16 retirement fund in existence on January 1, 1980.

119.17 Sec. 2. Minnesota Statutes 2008, section 11A.17, subdivision 2, is amended to read:

119.18 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund ~~shall~~ consist
119.19 of the money certified and transmitted to the state board from the participating public
119.20 retirement plans and funds ~~or from the board of the Minnesota State Colleges and~~
119.21 ~~Universities under section 136F.45~~ and from the voluntary statewide lump-sum volunteer
119.22 firefighter retirement plan under section 353G.08.

119.23 (b) With the exception of the assets of the voluntary statewide lump-sum volunteer
119.24 firefighter retirement fund, the assets must be used to purchase investment shares in
119.25 the investment accounts as specified by the plan or fund. The assets of the voluntary
119.26 statewide lump-sum volunteer firefighter retirement fund must be invested in the volunteer
119.27 firefighter account.

119.28 (c) These accounts must be valued at least on a monthly basis but may be valued
119.29 more frequently as determined by the State Board of Investment.

119.30 Sec. 3. Minnesota Statutes 2008, section 69.011, subdivision 1, is amended to read:

120.1 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a
120.2 different meaning is intended, the following words and terms ~~shall~~₂ for the purposes of this
120.3 chapter and chapters 423, 423A, 424 and 424A₂ have the meanings ascribed to them:

120.4 (a) "Commissioner" means the commissioner of revenue.

120.5 (b) "Municipality" means:

120.6 (1) a home rule charter or statutory city;

120.7 (2) an organized town;

120.8 (3) a park district subject to chapter 398;

120.9 (4) the University of Minnesota;

120.10 (5) for purposes of the fire state aid program only, an American Indian tribal
120.11 government entity located within a federally recognized American Indian reservation;

120.12 (6) for purposes of the police state aid program only, an American Indian tribal
120.13 government with a tribal police department which exercises state arrest powers under
120.14 section 626.90, 626.91, 626.92, or 626.93;

120.15 (7) for purposes of the police state aid program only, the Metropolitan Airports
120.16 Commission with respect to peace officers covered under chapter 422A; and

120.17 (8) for purposes of the police state aid program only, the Department of Natural
120.18 Resources and the Department of Public Safety with respect to peace officers covered
120.19 under chapter 352B.

120.20 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
120.21 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
120.22 leakage and extended coverage premiums received upon risks located or to be performed
120.23 in this state less return premiums and dividends.

120.24 (d) "Firetown" means the area serviced by any municipality having a qualified fire
120.25 department or a qualified incorporated fire department having a subsidiary volunteer
120.26 firefighters' relief association.

120.27 (e) "Market value" means latest available market value of all property in a taxing
120.28 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
120.29 taxation obtained from information which appears on abstracts filed with the commissioner
120.30 of revenue or equalized by the State Board of Equalization.

120.31 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
120.32 commissioner for reporting by each fire and casualty insurer of all premiums received
120.33 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
120.34 during the preceding calendar year, with reference to insurance written for insuring against
120.35 the perils contained in auto insurance coverages as reported in the Minnesota business
120.36 schedule of the annual financial statement which each insurer is required to file with

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121.1 the commissioner in accordance with the governing laws or rules less return premiums
121.2 and dividends.

121.3 (g) "Peace officer" means any person:

121.4 (1) whose primary source of income derived from wages is from direct employment
121.5 by a municipality or county as a law enforcement officer on a full-time basis of not less
121.6 than 30 hours per week;

121.7 (2) who has been employed for a minimum of six months prior to December 31
121.8 preceding the date of the current year's certification under subdivision 2, clause (b);

121.9 (3) who is sworn to enforce the general criminal laws of the state and local
121.10 ordinances;

121.11 (4) who is licensed by the Peace Officers Standards and Training Board and is
121.12 authorized to arrest with a warrant; and

121.13 (5) who is a member of a local police relief association to which section 69.77
121.14 applies, the State Patrol retirement plan, the public employees police and fire fund, or the
121.15 Minneapolis Employees Retirement Fund.

121.16 (h) "Full-time equivalent number of peace officers providing contract service" means
121.17 the integral or fractional number of peace officers which would be necessary to provide
121.18 the contract service if all peace officers providing service were employed on a full-time
121.19 basis as defined by the employing unit and the municipality receiving the contract service.

121.20 (i) "Retirement benefits other than a service pension" means any disbursement
121.21 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

121.22 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
121.23 who was elected or appointed to the specified position or, in the absence of the person,
121.24 another person who is designated by the applicable governing body. In a park district,
121.25 the clerk is the secretary of the board of park district commissioners. In the case of the
121.26 University of Minnesota, the clerk is that official designated by the Board of Regents.
121.27 For the Metropolitan Airports Commission, the clerk is the person designated by the
121.28 commission. For the Department of Natural Resources or the Department of Public Safety,
121.29 the clerk is the respective commissioner. For a tribal police department which exercises
121.30 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
121.31 designated by the applicable American Indian tribal government.

121.32 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
121.33 retirement plan established by chapter 353G.

121.34 Sec. 4. Minnesota Statutes 2008, section 69.011, subdivision 2, is amended to read:

122.1 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage
122.2 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in
122.3 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction
122.4 with the financial report required pursuant to section 69.051, the clerk of each municipality
122.5 having a duly organized fire department as provided in subdivision 4, or the secretary of
122.6 each independent nonprofit firefighting corporation having a subsidiary incorporated
122.7 firefighters' relief association whichever is applicable, and the fire chief, shall jointly
122.8 certify the existence of the municipal fire department or of the independent nonprofit
122.9 firefighting corporation, whichever is applicable, which meets the minimum qualification
122.10 requirements set forth in this subdivision, and the fire personnel and equipment of the
122.11 municipal fire department or the independent nonprofit firefighting corporation as of the
122.12 preceding December 31.

122.13 (b) Where retirement coverage is provided by the voluntary statewide lump-sum
122.14 volunteer firefighter retirement plan, the executive director of the Public Employees
122.15 Retirement Association shall certify the existence of that coverage for each municipality
122.16 and the municipal clerk or independent nonprofit firefighting corporation secretary,
122.17 whichever applies, and the applicable fire chief shall certify the fire personnel and fire
122.18 department equipment as of the preceding December 31.

122.19 (c) Certification ~~shall~~ must be made to the commissioner on a form prescribed
122.20 by the commissioner and shall include any other facts the commissioner may require.
122.21 The certification ~~shall~~ must be made to the commissioner in duplicate. Each copy of the
122.22 certificate ~~shall~~ must be duly executed and is deemed to be an original. The commissioner
122.23 shall forward one copy to the auditor of the county wherein the fire department is located
122.24 and shall retain one copy.

122.25 ~~(b)~~ (d) On or before March 15 annually the clerk of each municipality having a duly
122.26 organized police department and having a duly incorporated relief association shall certify
122.27 that fact to the county auditor of the county where the police department is located and to
122.28 the commissioner on a form prescribed by the commissioner together with the other facts
122.29 the commissioner or auditor may require.

122.30 (e) Except as provided in subdivision 2b, on or before March 15 annually, the clerk
122.31 of each municipality and the auditor of each county employing one or more peace officers
122.32 as defined in subdivision 1, clause (g), shall certify the number of such peace officers to
122.33 the commissioner on forms prescribed by the commissioner. Credit for officers employed
122.34 less than a full year ~~shall~~ must be apportioned. Each full month of employment of a
122.35 qualifying officer during the calendar year ~~shall entitle~~ entitles the employing municipality
122.36 or county to credit for 1/12 of the payment for employment of a peace officer for the entire

123.1 year. For purposes of sections 69.011 to 69.051, employment of a peace officer ~~shall~~
123.2 ~~commence~~ commences when the peace officer is entered on the payroll of the respective
123.3 municipal police department or county sheriff's department. No peace officer ~~shall~~ may be
123.4 included in the certification of the number of peace officers by more than one municipality
123.5 or county for the same month.

123.6 Sec. 5. Minnesota Statutes 2008, section 69.011, subdivision 4, is amended to read:

123.7 Subd. 4. **Qualification for state aid.** Any municipality in this state having for more
123.8 than one year an organized fire department and officially established by the governing
123.9 body of the municipality or an independent nonprofit fire fighting corporation created
123.10 under the nonprofit corporation act of this state and operating exclusively for fire fighting
123.11 purposes and providing retirement and relief benefits to its members ~~or~~, having a separate
123.12 subsidiary incorporated firefighter's relief and pension association providing retirement and
123.13 relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter
123.14 retirement plan, may qualify to receive state aid if it meets the following minimum
123.15 requirements or equivalent as determined by the state fire marshal by July 1, 1972:

123.16 (a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and

123.17 (b) regular scheduled meetings and frequent drills including instructions in fire
123.18 fighting tactics and in the use, care, and operation of all fire apparatus and equipment, and

123.19 (c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger
123.20 water tank, 300 feet of one inch or larger fire hose in two lines with combination spray
123.21 and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent, dry
123.22 chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,
123.23 axes, lanterns, fire coats, helmets, boots, and

123.24 (d) apparatus suitably housed in a building of good construction with facilities for
123.25 care of hose and equipment, and

123.26 (e) a reliable and adequate method of receiving fire alarms by telephone or with
123.27 electric siren and suitable means of sounding an alarm, and

123.28 (f) if response is to be provided outside the corporate limits of the municipality
123.29 wherein the fire department is located, the municipality has another piece of motorized
123.30 apparatus to make the response, and

123.31 (g) other requirements the commissioner establishes by rule.

123.32 Sec. 6. Minnesota Statutes 2008, section 69.021, subdivision 7, is amended to read:

123.33 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

123.34 (a) The commissioner shall apportion the fire state aid relative to the premiums reported

124.1 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
124.2 and/or firefighters relief association.

124.3 (b) The commissioner shall calculate an initial fire state aid allocation amount for
124.4 each municipality or fire department under paragraph (c) and a minimum fire state aid
124.5 allocation amount for each municipality or fire department under paragraph (d). The
124.6 municipality or fire department must receive the larger fire state aid amount.

124.7 (c) The initial fire state aid allocation amount is the amount available for
124.8 apportionment as fire state aid under subdivision 5, without inclusion of any additional
124.9 funding amount to support a minimum fire state aid amount under section 423A.02,
124.10 subdivision 3, allocated one-half in proportion to the population as shown in the last
124.11 official statewide federal census for each fire town and one-half in proportion to the market
124.12 value of each fire town, including (1) the market value of tax exempt property and (2) the
124.13 market value of natural resources lands receiving in lieu payments under sections 477A.11
124.14 to 477A.14, but excluding the market value of minerals. In the case of incorporated or
124.15 municipal fire departments furnishing fire protection to other cities, towns, or townships
124.16 as evidenced by valid fire service contracts filed with the commissioner, the distribution
124.17 must be adjusted proportionately to take into consideration the crossover fire protection
124.18 service. Necessary adjustments ~~shall~~ must be made to subsequent apportionments. In
124.19 the case of municipalities or independent fire departments qualifying for the aid, the
124.20 commissioner shall calculate the state aid for the municipality or relief association on the
124.21 basis of the population and the market value of the area furnished fire protection service
124.22 by the fire department as evidenced by duly executed and valid fire service agreements
124.23 filed with the commissioner. If one or more fire departments are furnishing contracted
124.24 fire service to a city, town, or township, only the population and market value of the
124.25 area served by each fire department may be considered in calculating the state aid and
124.26 the fire departments furnishing service shall enter into an agreement apportioning among
124.27 themselves the percent of the population and the market value of each service area. The
124.28 agreement must be in writing and must be filed with the commissioner.

124.29 (d) The minimum fire state aid allocation amount is the amount in addition to the
124.30 initial fire state allocation amount that is derived from any additional funding amount
124.31 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
124.32 allocated to municipalities with volunteer firefighters relief associations or covered by the
124.33 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
124.34 of active volunteer firefighters who are members of the relief association as reported
124.35 in the annual financial reporting for the calendar year 1993 to the Office of the State
124.36 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or

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125.1 fire departments with volunteer firefighters relief associations receive in total at least a
125.2 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
125.3 30 firefighters. If a relief association is established after calendar year 1993 and before
125.4 calendar year 2000, the number of active volunteer firefighters who are members of the
125.5 relief association as reported in the annual financial reporting for calendar year 1998
125.6 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
125.7 shall be used in this determination. If a relief association is established after calendar
125.8 year 1999, the number of active volunteer firefighters who are members of the relief
125.9 association as reported in the first annual financial reporting submitted to the Office of
125.10 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
125.11 determination. If a relief association is terminated as a result of providing retirement
125.12 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
125.13 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
125.14 of the municipality covered by the statewide plan as certified by the executive director of
125.15 the Public Employees Retirement Association to the commissioner and the state auditor,
125.16 but not to exceed 30 active firefighters, must be used in this determination.

125.17 (e) Unless the firefighters of the applicable fire department are members of the
125.18 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
125.19 be paid to the treasurer of the municipality where the fire department is located and the
125.20 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
125.21 the aid to the relief association if the relief association has filed a financial report with the
125.22 treasurer of the municipality and has met all other statutory provisions pertaining to the
125.23 aid apportionment. If the firefighters of the applicable fire department are members of
125.24 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
125.25 must be paid to the executive director of the Public Employees Retirement Association
125.26 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

125.27 (f) The commissioner may make rules to permit the administration of the provisions
125.28 of this section.

125.29 (g) Any adjustments needed to correct prior misallocations must be made to
125.30 subsequent apportionments.

125.31 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 9, is amended to read:

125.32 Subd. 9. **Appeal.** In the event that ~~any~~ a municipality, a county, a fire relief
125.33 association, ~~or~~ a police relief association, or the voluntary statewide lump-sum volunteer
125.34 firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to
125.35 review and adjust the apportionment of funds within the county in the case of police state

126.1 aid, or within the state in the case of fire state aid. The decision of the commissioner is
126.2 subject to appeal, review, and adjustment by the district court in the county in which the
126.3 applicable municipality, fire department, or police department is located.

126.4 Sec. 8. Minnesota Statutes 2008, section 69.031, subdivision 1, is amended to read:

126.5 Subdivision 1. **Commissioner of finance's warrant.** (a) The commissioner of
126.6 finance shall issue to the Public Employees Retirement Association on behalf of a
126.7 municipality or independent nonprofit firefighting corporation that is a member of the
126.8 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or
126.9 to the county, municipality, or independent nonprofit firefighting corporation certified to
126.10 the commissioner of finance by the commissioner a warrant for an amount equal to the
126.11 amount of fire state aid or police state aid, whichever applies, certified for the applicable
126.12 state aid recipient by the commissioner under section 69.021.

126.13 (b) The amount of state aid due and not paid by October 1 accrues interest at the rate
126.14 of one percent for each month or part of a month the amount remains unpaid, beginning
126.15 the preceding July 1.

126.16 Sec. 9. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

126.17 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
126.18 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
126.19 firefighter retirement plan under chapter 353G, the executive director shall credit the
126.20 fire state aid against future municipal contribution requirements under section 353G.08
126.21 and shall notify the municipality or independent nonprofit firefighting corporation of
126.22 the fire state aid so credited at least annually. If the municipality or the independent
126.23 nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum
126.24 volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after
126.25 receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'
126.26 relief association if there is one organized and the association has filed a financial report
126.27 with the municipality. If the relief association has not filed a financial report with the
126.28 municipality, the municipal treasurer shall delay transmission of the fire state aid to
126.29 the relief association until the complete financial report is filed. If the municipality or
126.30 independent nonprofit firefighting corporation is not covered by the voluntary statewide
126.31 lump-sum volunteer firefighter retirement plan, if there is no relief association organized,
126.32 or if the association has dissolved; or has been removed as trustees of state aid, then the
126.33 treasurer of the municipality shall deposit the money in the municipal treasury as provided

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127.1 for in section 424A.08 and the money may be disbursed only for the purposes and in the
127.2 manner set forth in that section.

127.3 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
127.4 police state aid in the following manner:

127.5 (1) For a municipality in which a local police relief association exists and all peace
127.6 officers are members of the association, the total state aid must be transmitted to the
127.7 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
127.8 of the relief association shall immediately deposit the total state aid in the special fund
127.9 of the relief association;

127.10 (2) For a municipality in which police retirement coverage is provided by the public
127.11 employees police and fire fund and all peace officers are members of the fund, including
127.12 municipalities covered by section 353.665, the total state aid must be applied toward the
127.13 municipality's employer contribution to the public employees police and fire fund under
127.14 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

127.15 (3) For a municipality other than a city of the first class with a population of more
127.16 than 300,000 in which both a police relief association exists and police retirement
127.17 coverage is provided in part by the public employees police and fire fund, the municipality
127.18 may elect at its option to transmit the total state aid to the treasurer of the relief association
127.19 as provided in clause (1), to use the total state aid to apply toward the municipality's
127.20 employer contribution to the public employees police and fire fund subject to all the
127.21 provisions set forth in clause (2), or to allot the total state aid proportionately to be
127.22 transmitted to the police relief association as provided in this subdivision and to apply
127.23 toward the municipality's employer contribution to the public employees police and fire
127.24 fund subject to the provisions of clause (2) on the basis of the respective number of active
127.25 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

127.26 For a city of the first class with a population of more than 300,000, in addition, the
127.27 city may elect to allot the appropriate portion of the total police state aid to apply toward
127.28 the employer contribution of the city to the public employees police and fire fund based
127.29 on the covered salary of police officers covered by the fund each payroll period and to
127.30 transmit the balance to the police relief association; or

127.31 (4) For a municipality in which police retirement coverage is provided in part by
127.32 the public employees police and fire fund and in part by a local police consolidation
127.33 account governed by chapter 353A and established before March 2, 1999, for which the
127.34 municipality declined merger under section 353.665, subdivision 1, or established after
127.35 March 1, 1999, the total police state aid must be applied towards the municipality's total

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128.1 employer contribution to the public employees police and fire fund and to the local police
128.2 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

128.3 (c) The county treasurer, upon receipt of the police state aid for the county, shall
128.4 apply the total state aid toward the county's employer contribution to the public employees
128.5 police and fire fund under section 353.65, subdivision 3.

128.6 (d) The designated Metropolitan Airports Commission official, upon receipt of the
128.7 police state aid for the Metropolitan Airports Commission, shall apply the total police
128.8 state aid first toward the commission's employer contribution for police officers to the
128.9 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if
128.10 there is any amount of police state aid remaining, shall apply that remainder toward the
128.11 commission's employer contribution for police officers to the public employees police and
128.12 fire plan under section 353.65, subdivision 3.

128.13 (e) The police state aid apportioned to the Departments of Public Safety and Natural
128.14 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
128.15 finance for transfer to the funds and accounts from which the salaries of peace officers
128.16 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue
128.17 shall certify to the commissioners of public safety, natural resources, and finance the
128.18 amounts to be transferred from the appropriation for police state aid. The commissioners
128.19 of public safety and natural resources shall certify to the commissioner of finance the
128.20 amounts to be credited to each of the funds and accounts from which the peace officers
128.21 employed by their respective departments are paid. Each commissioner ~~must~~ shall allocate
128.22 the police state aid first for employer contributions for employees funded from the general
128.23 fund and then for employer contributions for employees funded from other funds. For
128.24 peace officers whose salaries are paid from the general fund, the amounts transferred from
128.25 the appropriation for police state aid must be canceled to the general fund.

128.26 Sec. 10. **[353G.01] DEFINITIONS.**

128.27 Subdivision 1. **Scope.** For the purposes of this chapter, the words or terms defined
128.28 in this section have the meanings given to them unless the context of the word or term
128.29 clearly indicates otherwise.

128.30 Subd. 2. **Advisory board.** "Advisory board" means the board established by section
128.31 353G.03.

128.32 Subd. 3. **Board.** "Board" means the board of trustees of the Public Employees
128.33 Retirement Association operating under section 353.03.

128.34 Subd. 4. **Commissioner of finance.** "Commissioner of finance" means the state
128.35 official appointed and qualified under section 16A.01.

129.1 Subd. 5. **Executive director; director.** "Executive director" or "director" means
129.2 the person appointed under section 353.03, subdivision 3a.

129.3 Subd. 6. **Fund.** "Fund" means the voluntary statewide lump-sum volunteer
129.4 firefighter retirement fund established under section 353G.02, subdivision 3.

129.5 Subd. 7. **Good time service credit.** "Good time service credit" means the length of
129.6 service credit for an active firefighter that is reported by the applicable fire chief based
129.7 on the minimum firefighter activity standards of the fire department. The credit may be
129.8 recognized on an annual or monthly basis.

129.9 Subd. 8. **Member.** "Member" means a volunteer firefighter who provides active
129.10 service to a municipal fire department or an independent nonprofit firefighting corporation
129.11 where the applicable municipality or corporation has elected coverage by the retirement
129.12 plan under section 353G.05, and which service is covered by the retirement plan.

129.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in
129.14 section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5).

129.15 Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

129.16 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide
129.17 lump-sum volunteer firefighter retirement fund established under section 353G.02,
129.18 subdivision 3.

129.19 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan
129.20 established by this chapter.

129.21 Subd. 13. **Standards for actuarial work.** "Standards for actuarial work" means
129.22 the standards adopted by the Legislative Commission on Pensions and Retirement under
129.23 section 3.85, subdivision 10.

129.24 Subd. 14. **State Board of Investment.** "State Board of Investment" means the
129.25 board created by article XI, section 8, of the Minnesota Constitution and governed by
129.26 chapter 11A.

129.27 Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is
129.28 an active member of a municipal fire department or independent nonprofit firefighting
129.29 corporation and who, in that capacity, engages in fire suppression activities, provides
129.30 emergency response services, or delivers fire education or prevention services on an
129.31 on-call basis.

129.32 **Sec. 11. [353G.02] PLAN AND FUND CREATION.**

129.33 Subdivision 1. **Retirement plan.** The voluntary statewide lump-sum volunteer
129.34 firefighter retirement plan is created.

130.1 Subd. 2. **Administration.** The policy-making, management, and administrative
130.2 functions related to the voluntary statewide lump-sum volunteer firefighter retirement
130.3 plan and fund are vested in the board of trustees and the executive director of the Public
130.4 Employees Retirement Association. Their duties, authority, and responsibilities are as
130.5 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken
130.6 in a manner consistent with chapter 356A.

130.7 Subd. 3. **Retirement fund.** (a) The voluntary statewide lump-sum volunteer
130.8 firefighter retirement fund is created. The fund contains the assets attributable to the
130.9 voluntary statewide lump-sum volunteer firefighter retirement plan.

130.10 (b) The State Board of Investment shall invest those portions of the retirement
130.11 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer
130.12 firefighter retirement plan in the statewide lump-sum volunteer firefighter account of the
130.13 Minnesota supplemental investment fund under section 11A.17.

130.14 (c) The commissioner of finance is the ex officio treasurer of the voluntary statewide
130.15 lump-sum volunteer firefighter retirement fund. The commissioner of finance's general
130.16 bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

130.17 (d) The revenues of the retirement plan beyond investment returns are governed by
130.18 section 353G.08 and must be deposited in the retirement fund. The disbursements of the
130.19 retirement plan are governed by section 353G.08. The commissioner of finance shall
130.20 transmit a detailed statement showing all credits to and disbursements from the retirement
130.21 fund to the executive director monthly.

130.22 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically
130.23 audit the voluntary statewide lump-sum volunteer firefighter retirement fund.

130.24 (b) An actuarial valuation of the voluntary statewide lump-sum volunteer firefighter
130.25 retirement plan may be performed periodically as determined to be appropriate or useful
130.26 by the board. An actuarial valuation must be performed by the approved actuary retained
130.27 under section 356.214 and must conform with section 356.215 and the standards for
130.28 actuarial work. An actuarial valuation must contain sufficient detail for each participating
130.29 employing entity to ascertain the actuarial condition of its account in the fund and the
130.30 contribution requirement towards its account.

130.31 Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board
130.32 and the executive director with respect to the voluntary statewide lump-sum volunteer
130.33 firefighter retirement plan is the attorney general.

130.34 (b) The board may sue, petition, be sued, or be petitioned under this chapter with
130.35 respect to the plan or the fund in the name of the board.

131.1 (c) The attorney general shall represent the board in all actions by the board or
131.2 against the board with respect to the plan or the fund.

131.3 (d) Venue of all actions related to the plan or fund is in the court for the first judicial
131.4 district unless the action is an appeal to the Court of Appeals under section 356.96.

131.5 Sec. 12. **[353G.03] VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER**
131.6 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

131.7 Subdivision 1. **Establishment.** A Voluntary Statewide Lump-Sum Volunteer
131.8 Firefighter Retirement Plan Advisory Board is created.

131.9 Subd. 2. **Function; purpose.** The advisory board shall provide advice to the board
131.10 of trustees of the Public Employees Retirement Association about the retirement coverage
131.11 needs of volunteer firefighters who are members of the plan and about the legislative and
131.12 administrative changes that would assist the retirement plan in accommodating volunteer
131.13 firefighters who are not members of the plan.

131.14 Subd. 3. **Composition.** (a) The advisory board consists of seven members.

131.15 (b) The advisory board members are:

131.16 (1) one representative of Minnesota townships, appointed by the Minnesota
131.17 Association of Townships;

131.18 (2) two representatives of Minnesota cities, appointed by the League of Minnesota
131.19 Cities;

131.20 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
131.21 Minnesota State Fire Chiefs Association;

131.22 (4) two representatives of Minnesota volunteer firefighters, who are active volunteer
131.23 firefighters, appointed by the Minnesota State Fire Departments Association; and

131.24 (5) one representative of the Office of the State Auditor, designated by the state
131.25 auditor.

131.26 Subd. 4. **Term.** (a) The initial terms on the advisory board for the Minnesota
131.27 townships representative and the Minnesota fire chiefs representative are one year. The
131.28 initial terms on the advisory board for one of the Minnesota cities representatives and one
131.29 of the Minnesota active volunteer firefighter representatives are two years. The initial
131.30 terms on the advisory board for the other Minnesota cities representative and the other
131.31 Minnesota active volunteer firefighter representative are three years. The term for the
131.32 Office of the State Auditor representative is determined by the state auditor.

131.33 (b) Subsequent terms on the advisory board other than the Office of the State
131.34 Auditor representative are three years.

132.1 Subd. 5. Compensation of advisory board. The compensation of members of the
132.2 advisory board other than the Office of the State Auditor representative is governed by
132.3 section 15.0575, subdivision 3.

132.4 Sec. 13. **[353G.04] INFORMATION FROM MUNICIPALITIES AND FIRE**
132.5 **DEPARTMENTS.**

132.6 The chief executive officers of municipalities and fire departments with volunteer
132.7 firefighters covered by the voluntary lump-sum volunteer firefighter retirement plan shall
132.8 provide all relevant information and records requested by the board, the executive director,
132.9 and the State Board of Investment as required to perform their duties.

132.10 Sec. 14. **[353G.05] PLAN COVERAGE ELECTION.**

132.11 Subdivision 1. Coverage. Any municipality or independent nonprofit firefighting
132.12 corporation may elect to have its volunteer firefighters covered by the retirement plan.

132.13 Subd. 2. Election of coverage. (a) The process for electing coverage of volunteer
132.14 firefighters by the retirement plan is initiated by a request to the executive director for a
132.15 cost analysis of the prospective retirement coverage.

132.16 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
132.17 association governed by chapter 424A, the cost analysis of the prospective retirement
132.18 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
132.19 association, following approval of the request by the board of the volunteer firefighters'
132.20 relief association, and the chief administrative officer of the entity associated with the
132.21 relief association, following approval of the request by the governing body of the entity
132.22 associated with the relief association. If the relief association is associated with more than
132.23 one entity, the chief administrative officer of each associated entity must execute the
132.24 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
132.25 relief association, the cost analysis of the prospective retirement coverage must be
132.26 requested by the chief administrative officer of the entity operating the fire department.
132.27 The request must be made in writing and must be made on a form prescribed by the
132.28 executive director.

132.29 (c) The cost analysis of the prospective retirement coverage by the statewide
132.30 retirement plan must be based on the service pension amount under section 353G.11
132.31 closest to the service pension amount provided by the volunteer firefighters' relief
132.32 association, if there is one, or to the lowest service pension amount under section 353G.11
132.33 if there is no volunteer firefighters' relief association, rounded up, and any other service
132.34 pension amount designated by the requester or requesters. The cost analysis must be

133.1 prepared using a mathematical procedure certified as accurate by an approved actuary
133.2 retained by the Public Employees Retirement Association.

133.3 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
133.4 that has filed the information required under section 69.051 in a timely fashion, upon
133.5 request by the executive director, the state auditor shall provide the most recent data
133.6 available on the financial condition of the volunteer firefighters' relief association, the most
133.7 recent firefighter demographic data available, and a copy of the current relief association
133.8 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
133.9 exists, the chief administrative officer of the entity operating the fire department shall
133.10 provide the demographic information on the volunteer firefighters serving as members
133.11 of the fire department requested by the executive director.

133.12 (e) If a cost analysis is requested, the executive director of the State Board of
133.13 Investment shall review the investment portfolio of the relief association, if applicable,
133.14 for compliance with the applicable provisions of chapter 11A and for appropriateness
133.15 for retention under the established investment objectives and investment policies of the
133.16 State Board of Investment. If the prospective retirement coverage change is approved
133.17 under paragraph (f), the State Board of Investment may require that the relief association
133.18 liquidate any investment security or other asset which the executive director of the State
133.19 Board of Investment has determined to be an ineligible or inappropriate investment for
133.20 retention by the State Board of Investment. The security or asset liquidation must occur
133.21 before the effective date of the transfer of retirement plan coverage. If requested to do
133.22 so by the chief administrative officer of the relief association, the executive director of
133.23 the State Board of Investment shall provide advice about the best means to conduct the
133.24 liquidation.

133.25 (f) Upon receipt of the cost analysis, the governing body of the municipality or
133.26 independent nonprofit firefighting corporation associated with the fire department shall
133.27 approve or disapprove the retirement coverage change within 90 days. If the retirement
133.28 coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the
133.29 retirement coverage change is approved by the applicable governing body, coverage by
133.30 the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the
133.31 next following January 1.

133.32 **Sec. 15. [353G.06] DISESTABLISHMENT OF PRIOR VOLUNTEER**
133.33 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIAL FUND UPON**
133.34 **RETIREMENT COVERAGE CHANGE.**

134.1 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior
134.2 to the effective date of the coverage change, the special fund of the applicable volunteer
134.3 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
134.4 association and legal title to the assets of the special fund transfers to the State Board of
134.5 Investment, with the beneficial title to the assets of the special fund remaining in the
134.6 applicable volunteer firefighters.

134.7 (b) If the market value of the special fund of the volunteer firefighters' relief
134.8 association for which retirement coverage changed under this chapter declines in the
134.9 interval between the date of the most recent financial report or statement, and the special
134.10 fund disestablishment date, the applicable municipality shall transfer an additional amount
134.11 to the State Board of Investment equal to that decline. If more than one municipality is
134.12 responsible for the direct management of the fire department, the municipalities shall
134.13 allocate the additional transfer amount among the various applicable municipalities
134.14 one-half in proportion to the population of each municipality and one-half in proportion
134.15 to the market value of each municipality.

134.16 Subd. 2. **Other relief association changes.** In addition to the transfer and
134.17 disestablishment of the special fund under subdivision 1, notwithstanding any provisions
134.18 of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer
134.19 firefighter retirement coverage, if the relief association membership elects to retain the
134.20 relief association after the benefit coverage election, the following changes must be
134.21 implemented with respect to the applicable volunteer firefighters' relief association:

134.22 (1) the relief association board of trustees membership is reduced to five, comprised
134.23 of the fire chief of the fire department and four trustees elected by and from the relief
134.24 association membership;

134.25 (2) the relief association may only maintain a general fund, which continues to
134.26 be governed by section 424A.06;

134.27 (3) the relief association is not authorized to receive the proceeds of any state aid or
134.28 to receive any municipal funds; and

134.29 (4) the relief association may not pay any service pension or benefit that was not
134.30 authorized as a general fund disbursement under the articles of incorporation or bylaws of
134.31 the relief association in effect prior to the plan coverage election process.

134.32 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of
134.33 the volunteer firefighters' relief association under this section, the voluntary statewide
134.34 lump-sum volunteer firefighter retirement plan is the successor in interest of the special
134.35 fund of the volunteer firefighters' relief association for all claims against the special fund
134.36 other than a claim against the special fund, the volunteer firefighters' relief association,

135.1 the municipality, the fire department, or any person connected with the volunteer
135.2 firefighters' relief association in a fiduciary capacity under chapter 356A or common law
135.3 that was based on any act or acts which were not performed in good faith and which
135.4 constituted a breach of a fiduciary obligation. As the successor in interest of the special
135.5 fund of the volunteer firefighters' relief association, the voluntary statewide lump-sum
135.6 volunteer firefighter retirement plan may assert any applicable defense in any judicial
135.7 proceeding which the board of trustees of the volunteer firefighters' relief association or
135.8 the municipality would have been entitled to assert.

135.9 Sec. 16. **[353G.07] CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

135.10 (a) Annually, by March 31, the fire chief of the fire department with firefighters who
135.11 are active members of the retirement plan shall certify to the executive director the good
135.12 time service credit for the previous calendar year of each firefighter rendering active
135.13 service with the fire department.

135.14 (b) The fire chief shall provide to each firefighter rendering active service with
135.15 the fire department notification of the amount of good time service credit rendered by
135.16 the firefighter for the calendar year. The good time service credit notification must be
135.17 provided to the firefighter 60 days before its certification to the executive director of the
135.18 Public Employees Retirement Association, along with an indication of the process for the
135.19 firefighter to challenge the fire chief's determination of good time service credit. If the
135.20 good time service credit amount is challenged in a timely fashion, the fire chief shall hold
135.21 a hearing on the challenge, accept and consider any additional pertinent information,
135.22 and make a final determination of good time service credit. The final determination of
135.23 good time service credit by the fire chief is not reviewable by the executive director of
135.24 the Public Employees Retirement Association or by the board of trustees of the Public
135.25 Employees Retirement Association.

135.26 (c) The good time service credit certification is an official public document. If a
135.27 false good time service credit certification is filed or if false information regarding good
135.28 time service credits is provided, section 353.19 applies.

135.29 (d) The good time service credit certification must be expressed as a percentage of a
135.30 full year of service during which an active firefighter rendered at least the minimum level
135.31 and quantity of fire suppression, emergency response, fire prevention, or fire education
135.32 duties required by the fire department under the rules and regulations applicable to the
135.33 fire department. No more than one year of good time service credit may be certified
135.34 for a calendar year.

136.1 (e) If a firefighter covered by the retirement plan leaves active firefighting service
136.2 to render active military service that is required to be covered by the federal Uniformed
136.3 Services Employment and Reemployment Rights Act, as amended, the person must be
136.4 certified as providing a full year of good time service credit in each year of the military
136.5 service, up to the applicable limit of the federal Uniformed Services Employment and
136.6 Reemployment Rights Act. If the firefighter does not return from the military service in
136.7 compliance with the federal Uniformed Services Employment and Reemployment Rights
136.8 Act, the good time service credits applicable to that military service credit period are
136.9 forfeited and cancel at the end of the calendar year in which the federal law time limit
136.10 occurs.

136.11 Sec. 17. **[353G.08] RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

136.12 (a) Annually, the executive director shall determine the funding requirements of
136.13 each account in the voluntary statewide lump-sum volunteer firefighter retirement plan
136.14 on or before August 1. The funding requirements as directed under this section, must be
136.15 determined using a mathematical procedure developed and certified as accurate by an
136.16 approved actuary retained by the Public Employees Retirement Association and based on
136.17 present value factors using a six percent interest rate, without any decrement assumptions.
136.18 The funding requirements must be certified to the entity or entities associated with the fire
136.19 department whose active firefighters are covered by the retirement plan.

136.20 (b) The overall funding balance of each account for the current calendar year must
136.21 be determined in the following manner:

136.22 (1) The total accrued liability for all active and deferred members of the account as
136.23 of December 31 of the current year must be calculated based on the good time service
136.24 credit of active and deferred members as of that date.

136.25 (2) The total present assets of the account projected to December 31 of the current
136.26 year, including receipts by and disbursements from the account anticipated to occur on or
136.27 before December 31, must be calculated. To the extent possible, the market value of assets
136.28 must be utilized in making this calculation.

136.29 (3) The amount of the total present assets calculated under clause (2) must be
136.30 subtracted from the amount of the total accrued liability calculated under clause (1). If the
136.31 amount of total present assets exceeds the amount of the total accrued liability, then the
136.32 account is considered to have a surplus over full funding. If the amount of the total present
136.33 assets is less than the amount of the total accrued liability, then the account is considered
136.34 to have a deficit from full funding. If the amount of total present assets is equal to the
136.35 amount of the total accrued liability, then the special fund is considered to be fully funded.

137.1 (c) The financial requirements of each account for the following calendar year must
137.2 be determined in the following manner:

137.3 (1) The total accrued liability for all active and deferred members of the account
137.4 as of December 31 of the calendar year next following the current calendar year must be
137.5 calculated based on the good time service used in the calculation under paragraph (b),
137.6 clause (1), increased by one year.

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

137.9 (3) The amount of anticipated future administrative expenses of the account must be
137.10 calculated by multiplying the dollar amount of the administrative expenses for the most
137.11 recent prior calendar year by the factor of 1.035.

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

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

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

137.23 (d) The required contribution of the entity or entities associated with the fire
137.24 department whose active firefighters are covered by the retirement plan is the annual
137.25 financial requirements of the account of the retirement plan under paragraph (c) reduced
137.26 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably
137.27 anticipated to be received by the retirement plan attributable to the entity or entities during
137.28 the following calendar year, and an amount of interest on the assets projected to be
137.29 received during the following calendar year calculated at the rate of six percent per annum.
137.30 The required contribution must be allocated between the entities if more than one entity
137.31 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
137.32 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

137.33 (e) The required contribution calculated in paragraph (d) must be paid to the
137.34 retirement plan on or before December 31 of the year for which it was calculated. If
137.35 the contribution is not received by the retirement plan by December 31, it is payable
137.36 with interest at an annual compound rate of six percent from the date due until the date

138.1 payment is received by the retirement plan. If the entity does not pay the full amount of
138.2 the required contribution, the executive director shall collect the unpaid amount under
138.3 section 353.28, subdivision 6.

138.4 (f) The assets of the retirement fund may only be disbursed for:

138.5 (1) the administrative expenses of the retirement plan;

138.6 (2) the investment expenses of the retirement fund;

138.7 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
138.8 353G.15; and

138.9 (4) the survivor benefits payable under section 353G.12.

138.10 Sec. 18. **[353G.09] RETIREMENT BENEFIT ELIGIBILITY.**

138.11 Subdivision 1. Entitlement. Except as provided in subdivision 3, an active member
138.12 of the retirement plan is entitled to a lump-sum service pension from the retirement plan
138.13 if the person:

138.14 (1) has separated from active service with the fire department for at least 30 days;

138.15 (2) has attained the age of at least 50 years;

138.16 (3) has completed at least five years of good time service credit as a member of
138.17 the retirement plan; and

138.18 (4) applies in a manner prescribed by the executive director for the service pension.

138.19 Subd. 2. Vesting schedule; nonforfeitable portion of service pension. If an
138.20 active member has completed less than 20 years of good time service credit, the person's
138.21 entitlement is to the nonforfeitable percentage of the applicable service pension amount,
138.22 as follows:

	<u>Completed years of good time</u> <u>service credit</u>	<u>Nonforfeitable percentage of the</u> <u>service pension</u>
138.23	<u>5</u>	<u>40 percent</u>
138.24	<u>6</u>	<u>44 percent</u>
138.25	<u>7</u>	<u>48 percent</u>
138.26	<u>8</u>	<u>52 percent</u>
138.27	<u>9</u>	<u>56 percent</u>
138.28	<u>10</u>	<u>60 percent</u>
138.29	<u>11</u>	<u>64 percent</u>
138.30	<u>12</u>	<u>68 percent</u>
138.31	<u>13</u>	<u>72 percent</u>
138.32	<u>14</u>	<u>76 percent</u>
138.33	<u>15</u>	<u>80 percent</u>
138.34	<u>16</u>	<u>84 percent</u>
138.35	<u>17</u>	<u>88 percent</u>
138.36	<u>18</u>	<u>92 percent</u>

139.1	<u>19</u>	<u>96 percent</u>
139.2	<u>20 and thereafter</u>	<u>100 percent</u>

139.3 Subd. 3. Alternative pension eligibility and computation. (a) An active member
139.4 of the retirement plan is entitled to an alternative lump-sum service pension from the
139.5 retirement plan if the person:

139.6 (1) has separated from active service with the fire department for at least 30 days;

139.7 (2) has attained the age of at least 50 years or the age for receipt of a service pension
139.8 under the benefit plan of the applicable former volunteer firefighters' relief association
139.9 as of the date immediately prior to the election of the retirement coverage change,
139.10 whichever is later;

139.11 (3) has completed at least five years of active service with the fire department and at
139.12 least five years in total as a member of the applicable former volunteer firefighters' relief
139.13 association or of the retirement plan, but has not rendered at least five years of good time
139.14 service credit as a member of the retirement plan; and

139.15 (4) applies in a manner prescribed by the executive director for the service pension.

139.16 (b) The alternative lump-sum service pension is the service pension amount specified
139.17 in the bylaws of the applicable former volunteer firefighters' relief association either
139.18 as of the date immediately prior to the election of the retirement coverage change or
139.19 as of the date immediately before the termination of firefighting services, whichever is
139.20 earlier, multiplied by the total number of years of service as a member of that volunteer
139.21 firefighters' relief association and as a member of the retirement plan.

139.22 **Sec. 19. [353G.10] DEFERRED SERVICE PENSION AMOUNT.**

139.23 A person who was an active member of a fire department covered by the retirement
139.24 plan who has separated from active firefighting service for at least 30 days and who has
139.25 completed at least five years of good time service credit, but has not attained the age of
139.26 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years
139.27 and applying in a manner specified by the executive director for the service pension. The
139.28 service pension payable is the nonforfeitable percentage of the service pension under
139.29 section 353G.09, subdivision 2, and is payable without any interest over the period of
139.30 deferral.

139.31 **Sec. 20. [353G.11] SERVICE PENSION LEVELS.**

139.32 Subdivision 1. Levels. The retirement plan provides the following levels of service
139.33 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

140.1	<u>Level A</u>	<u>\$500 per year of good time service credit</u>
140.2	<u>Level B</u>	<u>\$750 per year of good time service credit</u>
140.3	<u>Level C</u>	<u>\$1,000 per year of good time service credit</u>
140.4	<u>Level D</u>	<u>\$1,500 per year of good time service credit</u>
140.5	<u>Level E</u>	<u>\$2,000 per year of good time service credit</u>
140.6	<u>Level F</u>	<u>\$2,500 per year of good time service credit</u>
140.7	<u>Level G</u>	<u>\$3,000 per year of good time service credit</u>
140.8	<u>Level H</u>	<u>\$3,500 per year of good time service credit</u>
140.9	<u>Level I</u>	<u>\$4,000 per year of good time service credit</u>
140.10	<u>Level J</u>	<u>\$4,500 per year of good time service credit</u>
140.11	<u>Level K</u>	<u>\$5,000 per year of good time service credit</u>
140.12	<u>Level L</u>	<u>\$5,500 per year of good time service credit</u>
140.13	<u>Level M</u>	<u>\$6,000 per year of good time service credit</u>
140.14	<u>Level N</u>	<u>\$6,500 per year of good time service credit</u>
140.15	<u>Level O</u>	<u>\$7,000 per year of good time service credit</u>
140.16	<u>Level P</u>	<u>\$7,500 per year of good time service credit</u>

140.17 Subd. 2. **Level selection.** At the time of the election to transfer retirement coverage,
140.18 or on April 30 thereafter, the governing body or bodies of the entity or entities operating
140.19 the fire department whose firefighters are covered by the retirement plan may request
140.20 a cost estimate from the executive director of an increase in the service pension level
140.21 applicable to the active firefighters of the fire department. Within 90 days of the receipt of
140.22 the cost estimate prepared by the executive director using a procedure certified as accurate
140.23 by the approved actuary retained by the Public Employees Retirement Association, the
140.24 governing body or bodies may approve the service pension level change, effective for the
140.25 following calendar year. If not approved in a timely fashion, the service pension level
140.26 change is considered to have been disapproved.

140.27 Subd. 3. **Supplemental benefit.** The retirement plan also shall pay a supplemental
140.28 benefit as provided for in section 424A.10.

140.29 Subd. 4. **Ancillary benefits.** No disability, death, funeral, or other ancillary benefit
140.30 beyond a service pension or a survivor benefit is payable from the retirement plan.

140.31 **Sec. 21. [353G.12] SURVIVOR BENEFIT.**

140.32 Subdivision 1. **Entitlement.** (a) A survivor of a deceased active member of the
140.33 retirement plan or a deceased deferred member of the retirement plan, upon application as
140.34 prescribed by the executive director, is entitled to receive a survivor benefit.

140.35 (b) A survivor is the spouse of the member, or if none, the minor child or children of
140.36 the member, or if none, the estate of the member.

141.1 Subd. 2. **Survivor benefit amount.** The amount of the survivor benefit is the
141.2 amount of the service pension that would have been payable to the member of the
141.3 retirement plan on the date of death if the member had been age 50 or older on that date.

141.4 Sec. 22. **[353G.13] PORTABILITY.**

141.5 Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement
141.6 plan who also renders firefighting service and has good time service credit in the retirement
141.7 plan from another fire department, if the good time service credit in the plan from a
141.8 combination of periods totals at least five years, is eligible, upon complying with the other
141.9 requirements of section 353G.09, to receive a service pension upon filing an application in
141.10 the manner prescribed by the executive director, computed as provided in subdivision 2.

141.11 Subd. 2. **Combined service pension computation.** The service pension payable to
141.12 a firefighter who qualifies under subdivision 1 is the per year of good time service credit
141.13 service pension amount in effect for each account in which the firefighter has good time
141.14 service credit as of the date on which the firefighter terminated active service with the fire
141.15 department associated with the applicable account, multiplied by the number of years of
141.16 good time service credit that the firefighter has in the applicable account.

141.17 Subd. 3. **Payment.** A service pension under this section must be paid in a single
141.18 payment, with the applicable portion of the total service pension payment amount
141.19 deducted from each account.

141.20 Sec. 23. **[353G.14] PURCHASE OF ANNUITY CONTRACTS.**

141.21 The executive director may purchase an annuity contract on behalf of a retiring
141.22 firefighter with a total premium payment in an amount equal to the lump-sum service
141.23 pension payable under section 353G.09 if the purchase was requested by the retiring
141.24 firefighter in a manner prescribed by the executive director. The annuity contract must
141.25 be purchased from an insurance carrier that is licensed to do business in this state. If
141.26 purchased, the annuity contract is in lieu of any service pension or other benefit from the
141.27 retirement plan. The annuity contract may be purchased at any time after the volunteer
141.28 firefighter discontinues active service, but the annuity contract must stipulate that no
141.29 annuity amounts are payable before the former volunteer firefighter attains the age of 50.

141.30 Sec. 24. **[353G.15] INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

141.31 Upon receipt of a determination that the retirement plan is a qualified pension plan
141.32 under section 401(a) of the Internal Revenue Code, as amended, the executive director,
141.33 upon request, shall transfer the service pension amount under sections 353G.08 and

142.1 353G.11 of a former volunteer firefighter who has terminated active firefighting services
142.2 covered by the plan and who has attained the age of at least 50 years to the person's
142.3 individual retirement account under section 408(a) of the federal Internal Revenue Code,
142.4 as amended. The transfer request must be in a manner prescribed by the executive director
142.5 and must be filed by the former volunteer firefighter who has sufficient service credit to be
142.6 entitled to a service pension or, following the death of a participating active firefighter,
142.7 must be filed by the deceased firefighter's surviving spouse.

142.8 Sec. 25. **[353G.16] EXEMPTION FROM PROCESS.**

142.9 The provisions of section 356.401 apply to the retirement plan.

142.10 Sec. 26. Minnesota Statutes 2008, section 356.20, subdivision 2, is amended to read:

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

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

142.15 (2) the general employees retirement plan of the Public Employees Retirement
142.16 Association;

142.17 (3) the Teachers Retirement Association;

142.18 (4) the State Patrol retirement plan;

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

142.20 (6) the Duluth Teachers Retirement Fund Association;

142.21 (7) the Minneapolis Employees Retirement Fund;

142.22 (8) the University of Minnesota faculty retirement plan;

142.23 (9) the University of Minnesota faculty supplemental retirement plan;

142.24 (10) the judges retirement fund;

142.25 (11) a police or firefighter's relief association specified or described in section 69.77,
142.26 subdivision 1a;

142.27 (12) a volunteer firefighter relief association governed by section 69.771, subdivision
142.28 1;

142.29 (13) the public employees police and fire plan of the Public Employees Retirement
142.30 Association;

142.31 (14) the correctional state employees retirement plan of the Minnesota State
142.32 Retirement System; ~~and~~

142.33 (15) the local government correctional service retirement plan of the Public
142.34 Employees Retirement Association; and

143.1 (16) the voluntary statewide lump-sum volunteer firefighter retirement plan.

143.2 Sec. 27. Minnesota Statutes 2008, section 356.401, subdivision 3, is amended to read:

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

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

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

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

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

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

143.12 (6) the unclassified state employees retirement program, established by chapter
143.13 352D;

143.14 (7) the general employees retirement plan of the Public Employees Retirement
143.15 Association, established by chapter 353;

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

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

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

143.21 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
143.22 established by chapter 353G;

143.23 (12) the Teachers Retirement Association, established by chapter 354;

143.24 ~~(12)~~ (13) the Duluth Teachers Retirement Fund Association, established by chapter
143.25 354A;

143.26 ~~(13) the Minneapolis Teachers Retirement Fund Association, established by chapter~~
143.27 ~~354A;~~

143.28 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
143.29 354A;

143.30 (15) the individual retirement account plan, established by chapter 354B;

143.31 (16) the higher education supplemental retirement plan, established by chapter 354C;

143.32 (17) the Minneapolis Employees Retirement Fund, established by chapter 422A;

143.33 (18) the Minneapolis Police Relief Association, established by chapter 423B;

143.34 (19) the Minneapolis Firefighters Relief Association, established by chapter 423C;

143.35 and

144.1 (20) the judges retirement fund, established by chapter 490.

144.2 Sec. 28. Minnesota Statutes 2008, section 356.96, subdivision 1, is amended to read:

144.3 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
144.4 a different meaning is intended, for the purpose of this section, the terms in paragraphs
144.5 (b) to (e) have the meanings given them.

144.6 (b) "Chief administrative officer" means the executive director of a covered pension
144.7 plan or the executive director's designee or representative.

144.8 (c) "Covered pension plan" means a plan enumerated in section 356.20,
144.9 subdivision 2, clauses (1) to (4), (10), and (13) to ~~(15)~~ (16), but does not mean the
144.10 deferred compensation plan administered under sections 352.965 and 352.97 or to the
144.11 postretirement health care savings plan administered under section 352.98.

144.12 (d) "Governing board" means the Board of Trustees of the Public Employees
144.13 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
144.14 the Board of Directors of the Minnesota State Retirement System.

144.15 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
144.16 a covered pension plan or a beneficiary of a participant, or an individual who has applied
144.17 to be a participant or who is or may be a survivor of a participant, or a state agency or
144.18 other governmental unit that employs active participants in a covered pension plan.

144.19 Sec. 29. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

144.20 Subdivision 1. **Definitions.** For purposes of this section:

144.21 (1) "qualified recipient" means an individual who receives a lump-sum distribution
144.22 of pension or retirement benefits from a firefighters' relief association or from the
144.23 voluntary statewide lump-sum volunteer firefighter retirement plan for service that the
144.24 individual has performed as a volunteer firefighter;

144.25 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally
144.26 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or
144.27 minor children of a deceased volunteer firefighter;

144.28 (3) "active volunteer firefighter" means a person who regularly renders fire
144.29 suppression service for a municipal fire department or an independent nonprofit firefighting
144.30 corporation, who has met the statutory and other requirements for relief association
144.31 membership, and who has been a fully qualified member of the relief association or from
144.32 the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one
144.33 month; and

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145.1 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who
145.2 terminated active firefighting service, has sufficient service credit from the applicable
145.3 relief association or from the voluntary statewide lump-sum volunteer firefighter
145.4 retirement plan to be entitled to a service pension, but has not applied for or has not
145.5 received the service pension.

145.6 Sec. 30. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

145.7 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a
145.8 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter
145.9 retirement plan of a lump-sum distribution to a qualified recipient, the association must
145.10 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the
145.11 contrary, the relief association must pay the supplemental benefit out of its special fund
145.12 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay
145.13 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter
145.14 retirement plan. The amount of this benefit equals ten percent of the regular lump-sum
145.15 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.
145.16 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental
145.17 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred
145.18 volunteer firefighter in that capacity.

145.19 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
145.20 survivor benefit ~~or funeral benefit~~ to a survivor of a deceased active volunteer firefighter
145.21 or of a deceased deferred volunteer firefighter, the association may pay a supplemental
145.22 survivor benefit to the survivor of the deceased active or deferred volunteer firefighter
145.23 from the special fund of the relief association if its articles of incorporation or bylaws so
145.24 provide and the retirement plan may pay a supplemental survivor benefit to the survivor of
145.25 the deceased active or deferred volunteer firefighter from the retirement fund if chapter
145.26 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the
145.27 survivor benefit ~~or funeral benefit~~, but not to exceed \$2,000.

145.28 (c) An individual may receive a supplemental benefit under paragraph (a) or under
145.29 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
145.30 firefighter benefit.

145.31 Sec. 31. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

145.32 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement
145.33 of the amount of supplemental benefits paid under subdivision 2 during the preceding
145.34 calendar year, the relief association ~~must~~ or the voluntary statewide lump-sum volunteer

146.1 firefighter retirement plan shall apply to the commissioner of revenue by February 15.

146.2 By March 15, the commissioner shall reimburse the relief association for the amount of
146.3 the supplemental benefits paid to qualified recipients and to survivors of deceased active
146.4 or deferred volunteer firefighters.

146.5 (b) The commissioner of revenue shall prescribe the form of and supporting
146.6 information that must be supplied as part of the application for state reimbursement.

146.7 The commissioner of revenue shall reimburse the relief association by paying the
146.8 reimbursement amount to the treasurer of the municipality where the association is
146.9 located and shall reimburse the retirement plan by paying the reimbursement amount to
146.10 the executive director of the Public Employees Retirement Association. Within 30 days
146.11 after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer
146.12 of the association if the association has filed a financial report with the municipality. If
146.13 the relief association has not filed a financial report with the municipality, the municipal
146.14 treasurer shall delay transmission of the reimbursement payment to the association until
146.15 the complete financial report is filed. If the association has dissolved or has been removed
146.16 as a trustee of state aid, the treasurer shall deposit the money in a special account in the
146.17 municipal treasury, and the money may be disbursed only for the purposes and in the
146.18 manner provided in section 424A.08. When paid to the association, the reimbursement
146.19 payment must be deposited in the special fund of the relief association and when paid to
146.20 the retirement plan, the reimbursement payment must be deposited in the retirement
146.21 fund of the plan.

146.22 (c) A sum sufficient to make the payments is appropriated from the general fund
146.23 to the commissioner of revenue.

146.24 Sec. 32. **EFFECTIVE DATE.**

146.25 Sections 1 to 31 are effective August 1, 2009.

146.26 **ARTICLE 11**

146.27 **VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES**

146.28 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

146.29 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days
146.30 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'
146.31 relief association if there is one organized and the association has filed a financial report
146.32 with the municipality. If the relief association has not filed a financial report with the
146.33 municipality, the municipal treasurer shall delay transmission of the fire state aid to the
146.34 relief association until the complete financial report is filed. If there is no relief association

147.1 organized, or if the association has dissolved, or has been removed as trustees of state aid,
147.2 then the treasurer of the municipality shall deposit the money in the municipal treasury
147.3 ~~as provided for in section 424A.08~~ and the money may be disbursed only for the purposes
147.4 and in the manner set forth in ~~that~~ section 424A.08 or for the payment of the employer
147.5 contribution requirement with respect to firefighters covered by the public employees
147.6 police and fire retirement plan under section 353.65, subdivision 3.

147.7 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
147.8 police state aid in the following manner:

147.9 (1) For a municipality in which a local police relief association exists and all peace
147.10 officers are members of the association, the total state aid must be transmitted to the
147.11 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
147.12 of the relief association shall immediately deposit the total state aid in the special fund
147.13 of the relief association;

147.14 (2) For a municipality in which police retirement coverage is provided by the public
147.15 employees police and fire fund and all peace officers are members of the fund, including
147.16 municipalities covered by section 353.665, the total state aid must be applied toward the
147.17 municipality's employer contribution to the public employees police and fire fund under
147.18 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

147.19 (3) For a municipality other than a city of the first class with a population of more
147.20 than 300,000 in which both a police relief association exists and police retirement
147.21 coverage is provided in part by the public employees police and fire fund, the municipality
147.22 may elect at its option to transmit the total state aid to the treasurer of the relief association
147.23 as provided in clause (1), to use the total state aid to apply toward the municipality's
147.24 employer contribution to the public employees police and fire fund subject to all the
147.25 provisions set forth in clause (2), or to allot the total state aid proportionately to be
147.26 transmitted to the police relief association as provided in this subdivision and to apply
147.27 toward the municipality's employer contribution to the public employees police and fire
147.28 fund subject to the provisions of clause (2) on the basis of the respective number of active
147.29 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

147.30 For a city of the first class with a population of more than 300,000, in addition, the
147.31 city may elect to allot the appropriate portion of the total police state aid to apply toward
147.32 the employer contribution of the city to the public employees police and fire fund based
147.33 on the covered salary of police officers covered by the fund each payroll period and to
147.34 transmit the balance to the police relief association; or

147.35 (4) For a municipality in which police retirement coverage is provided in part by
147.36 the public employees police and fire fund and in part by a local police consolidation

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148.1 account governed by chapter 353A and established before March 2, 1999, for which the
148.2 municipality declined merger under section 353.665, subdivision 1, or established after
148.3 March 1, 1999, the total police state aid must be applied towards the municipality's total
148.4 employer contribution to the public employees police and fire fund and to the local police
148.5 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

148.6 (c) The county treasurer, upon receipt of the police state aid for the county, shall
148.7 apply the total state aid toward the county's employer contribution to the public employees
148.8 police and fire fund under section 353.65, subdivision 3.

148.9 (d) The designated Metropolitan Airports Commission official, upon receipt of the
148.10 police state aid for the Metropolitan Airports Commission, shall apply the total police
148.11 state aid first toward the commission's employer contribution for police officers to the
148.12 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if
148.13 there is any amount of police state aid remaining, shall apply that remainder toward the
148.14 commission's employer contribution for police officers to the public employees police and
148.15 fire plan under section 353.65, subdivision 3.

148.16 (e) The police state aid apportioned to the Departments of Public Safety and Natural
148.17 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
148.18 finance for transfer to the funds and accounts from which the salaries of peace officers
148.19 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue
148.20 shall certify to the commissioners of public safety, natural resources, and finance the
148.21 amounts to be transferred from the appropriation for police state aid. The commissioners
148.22 of public safety and natural resources shall certify to the commissioner of finance the
148.23 amounts to be credited to each of the funds and accounts from which the peace officers
148.24 employed by their respective departments are paid. Each commissioner ~~must~~ shall allocate
148.25 the police state aid first for employer contributions for employees funded from the general
148.26 fund and then for employer contributions for employees funded from other funds. For
148.27 peace officers whose salaries are paid from the general fund, the amounts transferred from
148.28 the appropriation for police state aid must be canceled to the general fund.

148.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

148.30 Sec. 2. Minnesota Statutes 2008, section 69.771, subdivision 3, is amended to read:

148.31 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
148.32 there exists a firefighters' relief association as specified in subdivision 1 which does not
148.33 comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of
148.34 any applicable special law relating to the funding or financing of the association does
148.35 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid

149.1 under sections 69.011 to 69.051 until the reason for the disqualification specified by the
149.2 state auditor is remedied, whereupon the municipality or relief association, if otherwise
149.3 qualified, is entitled to again receive fire state aid for the year occurring immediately
149.4 subsequent to the year in which the disqualification is remedied.

149.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief
149.6 association is directly associated or a firefighters' relief association fails to comply with
149.7 the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any
149.8 applicable special law based upon the information contained in the annual financial report
149.9 of the firefighters' relief association required under section 69.051, the actuarial valuation
149.10 of the relief association, if applicable, the relief association officers' financial requirements
149.11 of the relief association and minimum municipal obligation determination documentation
149.12 under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774,
149.13 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
149.14 nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and
149.15 any other relevant documents or reports obtained by the state auditor.

149.16 (c) The municipality or nonprofit firefighting corporation and the associated relief
149.17 association are not eligible to receive or to retain fire state aid if:

149.18 (1) the relief association fails to prepare or to file the financial report or financial
149.19 statement under section 69.051;

149.20 (2) the relief association treasurer is not bonded in the manner and in the amount
149.21 required by section 69.051, subdivision 2;

149.22 (3) the relief association officers fail to determine or improperly determine the
149.23 accrued liability and the annual accruing liability of the relief association under section
149.24 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

149.25 (4) if applicable, the relief association officers fail to obtain and file a required
149.26 actuarial valuation or the officers file an actuarial valuation that does not contain the
149.27 special fund actuarial liability calculated under the entry age normal actuarial cost
149.28 method, the special fund current assets, the special fund unfunded actuarial accrued
149.29 liability, the special fund normal cost under the entry age normal actuarial cost method,
149.30 the amortization requirement for the special fund unfunded actuarial accrued liability
149.31 by the applicable target date, a summary of the applicable benefit plan, a summary of
149.32 the membership of the relief association, a summary of the actuarial assumptions used
149.33 in preparing the valuation, and a signed statement by the actuary attesting to its results
149.34 and certifying to the qualifications of the actuary as an approved actuary under section
149.35 356.215, subdivision 1, paragraph (c);

150.1 (5) the municipality failed to provide a municipal contribution, or the nonprofit
150.2 firefighting corporation failed to provide a corporate contribution, in the amount equal
150.3 to the minimum municipal obligation if the relief association is governed under section
150.4 69.772, or the amount necessary, when added to the fire state aid actually received
150.5 in the plan year in question, to at least equal in total the calculated annual financial
150.6 requirements of the special fund of the relief association if the relief association is
150.7 governed under section 69.773, and, if the municipal or corporate contribution is deficient,
150.8 the municipality failed to include the minimum municipal obligation certified under
150.9 section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the
150.10 nonprofit firefighting corporation failed to include the minimum corporate obligation
150.11 certified under section 69.774, subdivision 2, in the corporate budget;

150.12 (6) the defined benefit relief association did not receive municipal ratification for
150.13 the most recent plan amendment when municipal ratification was required under section
150.14 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

150.15 (7) the relief association invested special fund assets in an investment security
150.16 that is not authorized under section 69.775;

150.17 (8) the relief association had an administrative expense that is not authorized under
150.18 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that
150.19 is not authorized under section 424A.08;

150.20 (9) the relief association officers fail to provide a complete and accurate public
150.21 pension plan investment portfolio and performance disclosure under section 356.219;

150.22 (10) the relief association fails to obtain the acknowledgment from a broker of the
150.23 statement of investment restrictions under section 356A.06, subdivision 8b;

150.24 (11) the relief association officers permitted to occur a prohibited transaction under
150.25 section 356A.06, subdivision 9, or ~~424A.001~~ 424A.04, subdivision 7 2a, or failed to
150.26 undertake correction of a prohibited transaction that did occur; or

150.27 (12) the relief association pays a defined benefit service pension in an amount
150.28 that is in excess of the applicable service pension maximum under section 424A.02,
150.29 subdivision 3.

150.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

150.31 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

150.32 Subd. 4. **Certification of financial requirements and minimum municipal**
150.33 **obligation; levy.** (a) The officers of the relief association shall certify the financial
150.34 requirements of the special fund of the relief association and the minimum obligation of
150.35 the municipality with respect to the special fund of the relief association as determined

151.1 under subdivision 3 to the governing body of the municipality on or before August 1 of
151.2 each year. The financial requirements of the relief association and the minimum municipal
151.3 obligation must be included in the financial report or financial statement under section
151.4 69.051. The schedule forms related to the determination of the financial requirements
151.5 must be filed with the state auditor by March 31, annually, if the relief association is
151.6 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
151.7 annually, if the relief association is required to file a financial report and audit under
151.8 section 69.051, subdivision 1.

151.9 (b) The municipality shall provide for at least the minimum obligation of the
151.10 municipality with respect to the special fund of the relief association by tax levy or from
151.11 any other source of public revenue.

151.12 (c) The municipality may levy taxes for the payment of the minimum municipal
151.13 obligation without any limitation as to rate or amount and irrespective of any limitations
151.14 imposed by other provisions of law upon the rate or amount of taxation until the balance
151.15 of the special fund or any fund of the relief association has attained a specified level. In
151.16 addition, any taxes levied under this section must not cause the amount or rate of any other
151.17 taxes levied in that year or to be levied in a subsequent year by the municipality which are
151.18 subject to a limitation as to rate or amount to be reduced.

151.19 (d) If the municipality does not include the full amount of the minimum municipal
151.20 obligations in its levy for any year, the officers of the relief association shall certify that
151.21 amount to the county auditor, who shall spread a levy in the amount of the certified
151.22 minimum municipal obligation on the taxable property of the municipality.

151.23 (e) If the state auditor determines that a municipal contribution actually made in a
151.24 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),
151.25 the state auditor may request a copy of the certifications under this subdivision from the
151.26 relief association or from the city. The relief association or the city, whichever applies,
151.27 must provide the certifications within 14 days of the date of the request from the state
151.28 auditor.

151.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

151.30 Sec. 4. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

151.31 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
151.32 relief association does not have a surplus over full funding pursuant to subdivision 3,
151.33 clause (2), subclause (e), or if the municipality is required to provide financial support
151.34 to the special fund of the relief association pursuant to this section, the adoption of or
151.35 any amendment to the articles of incorporation or bylaws of a relief association which

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152.1 increases or otherwise affects the retirement coverage provided by or the service pensions
152.2 or retirement benefits payable from the special fund of any relief association to which this
152.3 section applies ~~shall~~ is not be effective until it is ratified by the governing body of the
152.4 municipality in which the relief association is located and the officers of a relief association
152.5 shall not seek municipal ratification prior to preparing and certifying an estimate of
152.6 the expected increase in the accrued liability and annual accruing liability of the relief
152.7 association attributable to the amendment. If the special fund of the relief association has
152.8 a surplus over full funding pursuant to subdivision 3, clause (2), subclause (e), and if the
152.9 municipality is not required to provide financial support to the special fund of the relief
152.10 association pursuant to this section, the relief association may adopt or amend its articles
152.11 of incorporation or bylaws which increase or otherwise affect the retirement coverage
152.12 provided by or the service pensions or retirement benefits payable from the special fund
152.13 of the relief association which ~~shall be~~ are effective without municipal ratification so
152.14 long as this does not cause the amount of the resulting increase in the accrued liability
152.15 of the special fund of the relief association to exceed 90 percent of the amount of the
152.16 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the
152.17 financial requirements of the special fund of the relief association exceeding the expected
152.18 amount of the future fire state aid to be received by the relief association as determined
152.19 by the board of trustees following the preparation of an estimate of the expected increase
152.20 in the accrued liability and annual accruing liability of the relief association attributable
152.21 to the change. If a relief association adopts or amends its articles of incorporation or
152.22 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to
152.23 the amendment or adoption, the financial requirements of the special fund of the relief
152.24 association pursuant to this section are such so as to require financial support from the
152.25 municipality, the provision which was implemented without municipal ratification ~~shall~~
152.26 is no longer ~~be~~ effective without municipal ratification and any service pensions or
152.27 retirement benefits payable after that date ~~shall~~ may be paid only in accordance with the
152.28 articles of incorporation or bylaws as amended or adopted with municipal ratification.

152.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

152.30 Sec. 5. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

152.31 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
152.32 relief association does not have a surplus over full funding pursuant to subdivision 4, or if
152.33 the municipality is required to provide financial support to the special fund of the relief
152.34 association pursuant to this section, the adoption of or any amendment to the articles of
152.35 incorporation or bylaws of a relief association which increases or otherwise affects the

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153.1 retirement coverage provided by or the service pensions or retirement benefits payable
153.2 from the special fund of any relief association to which this section applies ~~shall~~ is not
153.3 ~~be~~ effective until it is ratified by the governing body of the municipality in which the
153.4 relief association is located. If the special fund of the relief association has a surplus over
153.5 full funding pursuant to subdivision 4, and if the municipality is not required to provide
153.6 financial support to the special fund of the relief association pursuant to this section,
153.7 the relief association may adopt or amend its articles of incorporation or bylaws which
153.8 increase or otherwise affect the retirement coverage provided by or the service pensions or
153.9 retirement benefits payable from the special fund of the relief association which ~~shall be~~
153.10 are effective without municipal ratification so long as this does not cause the amount of
153.11 the resulting increase in the accrued liability of the special fund of the relief association to
153.12 exceed 90 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior
153.13 year and this does not result in the financial requirements of the special fund of the relief
153.14 association exceeding the expected amount of the future fire state aid to be received by the
153.15 relief association as determined by the board of trustees following the preparation of an
153.16 updated actuarial valuation including the proposed change or an estimate of the expected
153.17 actuarial impact of the proposed change prepared by the actuary of the relief association.
153.18 If a relief association adopts or amends its articles of incorporation or bylaws without
153.19 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
153.20 adoption, the financial requirements of the special fund of the relief association pursuant to
153.21 this section are such so as to require financial support from the municipality, the provision
153.22 which was implemented without municipal ratification ~~shall~~ is no longer ~~be~~ effective
153.23 without municipal ratification and any service pensions or retirement benefits payable
153.24 after that date ~~shall be~~ may paid only in accordance with the articles of incorporation or
153.25 bylaws as amended or adopted with municipal ratification.

153.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

153.27 Sec. 6. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

153.28 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include
153.29 a written statement of the investment policy. Following that initial report, subsequent
153.30 reports must include investment policy changes and the effective date of each policy
153.31 change rather than a complete statement of investment policy, unless the state auditor
153.32 requests submission of a complete current statement. The report must also include the
153.33 information required by the following paragraphs, as applicable.

153.34 (b) If, after four years of reporting under this paragraph, the total portfolio time
153.35 weighted rate of return, net of all investment related costs and fees, provided by the public

154.1 pension plan differs by no more than 0.1 percent from the comparable return for the plan
154.2 calculated by the Office of the State Auditor, and if a public pension plan has a total
154.3 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the
154.4 public pension plan's annual audit is performed by the state auditor or by the legislative
154.5 auditor, the report required by subdivision 1 must include the market value of the total
154.6 portfolio and the market value of each asset class included in the pension fund as of the
154.7 beginning of the calendar year and as of the end of the calendar year. At the discretion of
154.8 the state auditor, the public pension plan may be required to submit the market value of the
154.9 total portfolio and the market value of each investment account, investment portfolio, or
154.10 asset class included in the pension fund for each month, and the amount and date of each
154.11 injection and withdrawal to the total portfolio and to each investment account, investment
154.12 portfolio, or asset class. If the market value of a public pension plan's fund drops below
154.13 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any
154.14 subsequent year in which the public pension plan is not fully invested as specified in
154.15 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not
154.16 performed by the state auditor or legislative auditor, paragraph (c) applies.

154.17 (c) If paragraph (b) would apply if the annual audit were provided by the state
154.18 auditor or legislative auditor, the report required by subdivision 1 must include the market
154.19 value of the total portfolio and the market value of each asset class included in the pension
154.20 fund as of the beginning of the calendar year and for each month, and the amount and date
154.21 of each injection and withdrawal to the total portfolio and to each investment account,
154.22 investment portfolio, or asset class.

154.23 (d) For public pension plans to which paragraph (b) or (c) applies, the report required
154.24 by subdivision 1 must also include a calculation of the total time-weighted rate of return
154.25 available from index-matching investments assuming the asset class performance targets
154.26 and target asset mix indicated in the written statement of investment policy. The provided
154.27 information must include a description of indices used in the analyses and an explanation
154.28 of why those indices are appropriate. This paragraph does not apply to any fully invested
154.29 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of
154.30 Investment under this paragraph is limited to information on the Minnesota public pension
154.31 plans required to be invested by the State Board of Investment under section 11A.23.

154.32 (e) If a public pension plan has a total market value of less than \$25,000,000 as of
154.33 the beginning of the calendar year and was never required to file under paragraph (b) or
154.34 (c), the report required by subdivision 1 must include the amount and date of each total
154.35 portfolio injection and withdrawal. In addition, the report must include the market value
154.36 of the total portfolio as of the beginning of the calendar year and for each quarter.

155.1 (f) Any public pension plan reporting under paragraph (b) or (c) must include
155.2 computed time-weighted rates of return with the report, in addition to all other required
155.3 information, as applicable. The chief administrative officer of the public pension plan
155.4 submitting the returns must certify, on a form prescribed by the state auditor, that the
155.5 returns have been computed by the pension plan's investment performance consultant or
155.6 custodial bank. The chief administrative officer of the public pension plan submitting the
155.7 returns also must certify that the returns are net of all costs and fees, including investment
155.8 management fees, and that the procedures used to compute the returns are consistent
155.9 with Bank Administration Institute studies of investment performance measurement
155.10 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the
155.11 certifications required under this paragraph are not provided, the reporting requirements of
155.12 paragraph (c) apply.

155.13 (g) For public pension plans reporting under paragraph (e), the public pension plan
155.14 must retain supporting information specifying the date and amount of each injection and
155.15 withdrawal to each investment account and investment portfolio. The public pension plan
155.16 must also retain the market value of each investment account and investment portfolio at
155.17 the beginning of the calendar year and for each quarter. Information that is required to be
155.18 collected and retained for any given year or years under this paragraph must be submitted
155.19 to the Office of the State Auditor if the Office of the State Auditor requests in writing that
155.20 the information be submitted by a public pension plan or plans, or be submitted by the
155.21 State Board of Investment for any plan or plans for which the State Board of Investment is
155.22 the investment authority under this section. If the state auditor requests information under
155.23 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties
155.24 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

155.25 **EFFECTIVE DATE.** This section is effective July 1, 2009.

155.26 **Sec. 7. [420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**
155.27 **FIREFIGHTERS.**

155.28 It is unlawful for any municipality or independent nonprofit firefighting corporation
155.29 to employ a minor to serve as a firefighter or to permit a minor to serve in any capacity
155.30 performing any firefighting duties with a fire department, except for members of a youth,
155.31 civic, or educational organization or program who participate with uninterrupted adult
155.32 supervision, as allowed by federal law and by section 181A.04. Such organizations or
155.33 programs include, but are not limited to, Boy Scout Explorer programs or firefighting
155.34 degree programs.

156.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

156.2 Sec. 8. Minnesota Statutes 2008, section 424A.001, subdivision 1, is amended to read:

156.3 Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as
156.4 used in this chapter, the terms defined in this section have the meanings given.

156.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

156.6 Sec. 9. Minnesota Statutes 2008, section 424A.001, subdivision 1a, is amended to read:

156.7 Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the
156.8 special fund of the relief association other than a service pension that is permitted by law
156.9 and that is provided for in the relief association bylaws.

156.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

156.11 Sec. 10. Minnesota Statutes 2008, section 424A.001, is amended by adding a
156.12 subdivision to read:

156.13 Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association"
156.14 means a volunteer firefighters' relief association that provides a lump-sum service pension,
156.15 provides a monthly benefit service pension, or provides a lump-sum service pension as an
156.16 alternative to the monthly benefit service pension.

156.17 **EFFECTIVE DATE.** This section is effective July 1, 2009.

156.18 Sec. 11. Minnesota Statutes 2008, section 424A.001, is amended by adding a
156.19 subdivision to read:

156.20 Subd. 1c. **Defined contribution relief association.** "Defined contribution relief
156.21 association" means a volunteer firefighters' relief association that provides a service
156.22 pension based solely on an individual account balance rather than a specified annual
156.23 lump-sum or monthly benefit service pension amount.

156.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

156.25 Sec. 12. Minnesota Statutes 2008, section 424A.001, subdivision 2, is amended to read:

156.26 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department
156.27 ~~and~~ or an independent nonprofit firefighting corporation.

156.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

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157.1 Sec. 13. Minnesota Statutes 2008, section 424A.001, subdivision 3, is amended to read:

157.2 Subd. 3. **Municipality.** "Municipality" means a municipality which has
157.3 established a fire department with which the relief association is directly associated, or
157.4 the municipalities which have entered into a contract with the independent nonprofit
157.5 firefighting corporation of which the relief association is a subsidiary.

157.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

157.7 Sec. 14. Minnesota Statutes 2008, section 424A.001, subdivision 4, is amended to read:

157.8 Subd. 4. **Relief association.** "Relief association" means ~~(a)~~

157.9 (1) a volunteer firefighters' relief association or a volunteer firefighters' division or
157.10 account of a partially salaried and partially volunteer firefighters' relief association that is
157.11 organized and incorporated under chapter 317A and any laws of the state, is governed by
157.12 this chapter and chapter 69, and is directly associated with a fire department established by
157.13 municipal ordinance; or

157.14 ~~(b)~~ (2) any ~~separate~~ separately incorporated volunteer firefighters' relief association
157.15 that is subsidiary to and ~~providing~~ that provides service pension and retirement benefit
157.16 coverage for members of an independent nonprofit firefighting corporation that is
157.17 organized under the provisions of chapter 317A, is governed by this chapter, and ~~operating~~
157.18 operates exclusively for firefighting purposes. A relief association is a governmental entity
157.19 that receives and manages public money to provide retirement benefits for individuals
157.20 providing the governmental services of firefighting and emergency first response.

157.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

157.22 Sec. 15. Minnesota Statutes 2008, section 424A.001, subdivision 5, is amended to read:

157.23 Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer
157.24 firefighters' relief association or the account for volunteer firefighters within the special
157.25 fund of a partially salaried and partially volunteer firefighters' relief association.

157.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

157.27 Sec. 16. Minnesota Statutes 2008, section 424A.001, subdivision 6, is amended to read:

157.28 Subd. 6. **Surviving spouse.** For purposes of this chapter, and the ~~governing~~ bylaws
157.29 ~~of any governing~~ a relief association to which this chapter applies, ~~the term~~ "surviving
157.30 spouse" means the spouse of a deceased member who was legally married to the member
157.31 at the time of the member's death.

158.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

158.2 Sec. 17. Minnesota Statutes 2008, section 424A.001, subdivision 8, is amended to read:

158.3 Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality
158.4 approves for a fire department that is a municipal department, or if the applicable
158.5 contracting municipality or municipalities approve for a fire department that is an
158.6 independent nonprofit firefighting corporation, includes fire department service rendered
158.7 by fire prevention personnel.

158.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

158.9 Sec. 18. Minnesota Statutes 2008, section 424A.001, subdivision 9, is amended to read:

158.10 Subd. 9. **Separate from active service.** "Separate from active service" means
158.11 ~~to~~ that a firefighter permanently ceases to perform fire suppression duties with
158.12 a particular volunteer fire department, ~~to~~ permanently ceases to perform fire
158.13 prevention duties, ~~to~~ permanently ceases to supervise fire suppression duties, and ~~to~~
158.14 permanently ceases to supervise fire prevention duties.

158.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

158.16 Sec. 19. Minnesota Statutes 2008, section 424A.001, subdivision 10, is amended to
158.17 read:

158.18 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

158.19 (1) was a member of the applicable fire department or the independent nonprofit
158.20 firefighting corporation and a member of the relief association on July 1, 2006; or

158.21 (2) became a member of the applicable fire department or the independent nonprofit
158.22 firefighting corporation and is eligible for membership in the applicable relief association
158.23 after June 30, 2006, and

158.24 (i) is engaged in providing emergency response services or delivering fire education
158.25 or prevention services as a member of a municipal fire department, a joint powers entity
158.26 fire department, or an independent nonprofit firefighting corporation;

158.27 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
158.28 prevention duties under subdivision 8; and

158.29 (iii) meets any other minimum firefighter and service standards established by the
158.30 fire department or the independent nonprofit firefighting corporation or specified in the
158.31 articles of incorporation or bylaws of the relief association.

158.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

159.1 Sec. 20. 424A.002 **AUTHORIZATION OF NEW OR CONTINUING**
159.2 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.**

159.3 Subdivision 1. Authorization. A municipal fire department or an independent
159.4 nonprofit firefighting corporation, with approval by the applicable municipality or
159.5 municipalities, may establish a new volunteer firefighters' relief association or may retain
159.6 an existing volunteer firefighters' relief association.

159.7 Subd. 2. Defined benefit or defined contribution relief association. The articles
159.8 of incorporation or the bylaws of the volunteer firefighters' relief association must specify
159.9 that the relief association is either a defined benefit relief association subject to sections
159.10 69.771 to 69.774, 424A.015, and 424A.02 or is a defined contribution relief association
159.11 subject to sections 424A.015 and 424A.016.

159.12 **EFFECTIVE DATE.** This section is effective July 1, 2009.

159.13 Sec. 21. Minnesota Statutes 2008, section 424A.01, is amended to read:

159.14 **424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF**
159.15 **ASSOCIATION.**

159.16 Subdivision 1. **Minors.** ~~It is unlawful for any~~ (a) No volunteer firefighters' relief
159.17 association associated with a municipality or an independent nonprofit firefighting
159.18 corporation to employ may include as a relief association member a minor serving as
159.19 a volunteer firefighter or to permit a minor to serve in any capacity performing any
159.20 firefighting duties with a volunteer fire department, except for members of a youth,
159.21 civic, or educational organization or program who participate with uninterrupted adult
159.22 supervision, as allowed by federal law and by section 181A.04. Such organizations or
159.23 programs include, but are not limited to, Boy Scout Explorer programs or firefighting
159.24 degree programs.

159.25 (b) No volunteer firefighters' relief association associated with a municipality or an
159.26 independent nonprofit firefighting corporation may include as a relief association member
159.27 a minor serving as a volunteer firefighter.

159.28 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a
159.29 substitute volunteer firefighter ~~shall be deemed~~ may be considered to be a firefighter for
159.30 purposes of chapter 69 or this chapter ~~nor shall be~~ and no substitute volunteer firefighter is
159.31 authorized to be a member of any volunteer firefighters' relief association governed by
159.32 chapter 69 or this chapter.

159.33 Subd. 3. **Status of nonmember volunteer firefighters.** No person who is serving
159.34 as a firefighter in a fire department but who is not a member of the applicable firefighters'

160.1 relief association ~~shall be~~ is entitled to any service pension or ancillary benefits from
160.2 the relief association.

160.3 Subd. 4. **Exclusion of persons constituting an unwarranted health risk.** The
160.4 board of trustees of every relief association may exclude from membership in the relief
160.5 association all applicants who, due to some medically determinable physical or mental
160.6 impairment or condition, ~~would~~ is determined to constitute a predictable and unwarranted
160.7 risk of imposing liability for an ancillary benefit at any age earlier than the minimum
160.8 age specified for receipt of a service pension. Notwithstanding any provision of section
160.9 363A.25, it ~~shall be~~ is a good and valid defense to a complaint or action brought under
160.10 chapter 363A that the board of trustees of the relief association made a good faith
160.11 determination that the applicant suffers from an impairment or condition constituting a
160.12 predictable and unwarranted risk for the relief association if the determination was made
160.13 following consideration of: ~~(a)~~ (1) the person's medical history; and ~~(b)~~ (2) the report of
160.14 the physician completing a physical examination of the applicant ~~completed~~ undertaken at
160.15 the expense of the relief association.

160.16 Subd. 5. **Fire prevention personnel.** (a) If the fire department is a municipal
160.17 department and the applicable municipality approves, or if the fire department is an
160.18 independent nonprofit firefighting corporation and the contracting municipality or
160.19 municipalities approve, the fire department may employ or otherwise utilize the services
160.20 of persons as volunteer firefighters to perform fire prevention duties and to supervise
160.21 fire prevention activities.

160.22 (b) Personnel serving in fire prevention positions are eligible to be members of
160.23 the applicable volunteer firefighter relief association and to qualify for service pension
160.24 or other benefit coverage of the relief association on the same basis as fire department
160.25 personnel who perform fire suppression duties.

160.26 (c) Personnel serving in fire prevention positions also are eligible to receive any
160.27 other benefits under the applicable law or practice for services on the same basis as
160.28 personnel who are employed to perform fire suppression duties.

160.29 **Subd. 6. Return to active firefighting after break in service.** (a) If a former active
160.30 firefighter who has ceased to perform or supervise fire suppression and fire prevention
160.31 duties for at least 60 days resumes performing active firefighting with the fire department
160.32 associated with the relief association, if the bylaws of the relief association so permit, the
160.33 person may again become an active member of the relief association.

160.34 (b) A firefighter who returns to active relief association membership under paragraph
160.35 (a) may qualify for the receipt of a service pension from the relief association for the

161.1 resumption service period if the firefighter meets a minimum period of resumption service
161.2 specified in the relief association bylaws.

161.3 (c) A firefighter who returns to active lump-sum relief association membership and
161.4 who qualifies for a service pension under paragraph (b) must have, upon a subsequent
161.5 cessation of duties, any service pension for the resumption service period calculated as
161.6 a separate benefit. If a lump-sum service pension had been paid to the firefighter upon
161.7 the firefighter's previous cessation of duties, a second lump-sum service pension for the
161.8 resumption service period must be calculated to apply the service pension amount in effect
161.9 on the date of the firefighter's termination of the resumption service for all years of the
161.10 resumption service. No firefighter may be paid a service pension twice for the same period
161.11 of service. If a lump-sum service pension had not been paid to the firefighter upon the
161.12 firefighter's previous cessation of duties and the firefighter meets the minimum service
161.13 requirement of section 424A.02, subdivision 2, a service pension must be calculated to
161.14 apply the service pension amount in effect on the date of the firefighter's termination of the
161.15 resumption service for all years of service credit.

161.16 (d) A firefighter who had not been paid a lump-sum service pension returns to active
161.17 relief association membership under paragraph (a), who does not qualify for a service
161.18 pension under paragraph (b), but who does meet the minimum service requirement of
161.19 section 424A.02, subdivision 2, based on the firefighter's previous years of active service,
161.20 must have, upon a subsequent cessation of duties, a service pension calculated for the
161.21 previous years of service based on the service pension amount in effect on the date of the
161.22 firefighter's termination of the resumption service, or, if the bylaws so provide, based on the
161.23 service pension amount in effect on the date of the firefighter's previous cessation of duties.

161.24 (e) If a firefighter receiving a monthly benefit service pension returns to active
161.25 monthly benefit relief association membership under paragraph (a), any monthly benefit
161.26 service pension payable to the firefighter is suspended as of the first day of the month next
161.27 following the date on which the firefighter returns to active membership. If the firefighter
161.28 was receiving a monthly benefit service pension, and qualifies for a service pension under
161.29 paragraph (b), the firefighter is entitled to an additional monthly benefit service pension
161.30 upon a subsequent cessation of duties calculated based on the resumption service credit
161.31 and the service pension accrual amount in effect on the date of the termination of the
161.32 resumption service. The suspended initial service pension resumes as of the first of
161.33 the month next following the termination of the resumption service. If the firefighter
161.34 was not receiving a monthly benefit service pension and meets the minimum service
161.35 requirement of section 424A.02, subdivision 2, a service pension must be calculated to

162.1 apply the service pension amount in effect on the date of the firefighter's termination of the
162.2 resumption service for all years of service credit.

162.3 (f) A firefighter who was not receiving a monthly benefit service pension returns
162.4 to active relief association membership under paragraph (a), who does not qualify for a
162.5 service pension under paragraph (b), but who does meet the minimum service requirement
162.6 of section 424A.02, subdivision 2, based on the firefighter's previous years of active
162.7 service, must have, upon a subsequent cessation of duties, a service pension calculated for
162.8 the previous years of service based on the service pension amount in effect on the date
162.9 of the firefighter's termination of the resumption service, or, if the bylaws so provide,
162.10 based on the service pension amount in effect on the date of the firefighter's previous
162.11 cessation of duties.

162.12 **EFFECTIVE DATE.** This section is effective July 1, 2009.

162.13 Sec. 22. **[424A.015] GENERALLY APPLICABLE VOLUNTEER**
162.14 **FIREFIGHTERS' RELIEF ASSOCIATION PENSION PLAN REGULATION.**

162.15 **Subdivision 1. Separation from active service; exception.** (a) No service pension
162.16 is payable to a person while the person remains an active member of the respective fire
162.17 department, and a person who is receiving a service pension is not entitled to receive any
162.18 other benefits from the special fund of the relief association.

162.19 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a
162.20 service pension or disability benefit to a former member of the relief association if that
162.21 person has not separated from active service with the fire department to which the relief
162.22 association is directly associated, unless:

162.23 (1) the person is employed subsequent to retirement by the municipality or the
162.24 independent nonprofit firefighting corporation, whichever applies, to perform duties within
162.25 the municipal fire department or corporation on a full-time basis;

162.26 (2) the governing body of the municipality or of the corporation has filed its
162.27 determination with the board of trustees of the relief association that the person's
162.28 experience with and service to the fire department in that person's full-time capacity
162.29 would be difficult to replace; and

162.30 (3) the bylaws of the relief association were amended to provide for the payment of
162.31 a service pension or disability benefit for such full-time employees.

162.32 **Subd. 2. No assignment or garnishment.** A service pension or ancillary benefits
162.33 paid or payable from the special fund of a relief association to any person receiving or
162.34 entitled to receive a service pension or ancillary benefits is not subject to garnishment,
162.35 judgment, execution, or other legal process, except as provided in section 518.58, 518.581,

163.1 or 518A.53. No person entitled to a service pension or ancillary benefits from the special
163.2 fund of a relief association may assign any service pension or ancillary benefit payments,
163.3 and the association does not have the authority to recognize any assignment or pay over
163.4 any sum which has been assigned.

163.5 Subd. 3. **Purchase of annuity contract.** A relief association that provides a service
163.6 pension in a single payment, if the governing articles of incorporation or bylaws so
163.7 provide, may purchase an annuity contract on behalf of a retiring member in an amount
163.8 equal to the service pension otherwise payable at the request of the person and in place of
163.9 a direct payment to the person. The annuity contract must be purchased from an insurance
163.10 carrier licensed to do business in this state.

163.11 Subd. 4. **Transfer to individual retirement account.** A relief association that is a
163.12 qualified pension plan under section 401(a) of the Internal Revenue Code, as amended,
163.13 and that provides a single payment service pension, at the written request of the applicable
163.14 retiring member or, following the death of the active member, at the written request of the
163.15 deceased member's surviving spouse, may directly transfer on an institution-to-institution
163.16 basis the eligible member's lump-sum pension or the death or survivor benefit attributable
163.17 to the member, whichever applies, to the requesting person's individual retirement account
163.18 under section 408(a) of the Internal Revenue Code, as amended.

163.19 **EFFECTIVE DATE.** This section is effective July 1, 2009.

163.20 **Sec. 23. [424A.016] DEFINED CONTRIBUTION VOLUNTEER**
163.21 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

163.22 Subdivision 1. **Defined contribution relief association authorization.** If the
163.23 articles of incorporation or the bylaws governing the volunteer firefighters' relief
163.24 association so provide exclusively, the relief association may pay a defined contribution
163.25 lump-sum service pension instead of a defined benefit service pension governed by section
163.26 424A.02.

163.27 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
163.28 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
163.29 special fund a defined contribution service pension to each of its members who:

163.30 (1) separates from active service with the fire department;

163.31 (2) reaches age 50;

163.32 (3) completes at least five years of active service as an active member of the
163.33 municipal fire department to which the relief association is associated;

163.34 (4) completes at least five years of active membership with the relief association
163.35 before separation from active service; and

164.1 (5) complies with any additional conditions as to age, service, and membership that
 164.2 are prescribed by the bylaws of the relief association.

164.3 (b) In the case of a member who has completed at least five years of active service as
 164.4 an active member of the fire department to which the relief association is associated on
 164.5 the date that the relief association is established and incorporated, the requirement that
 164.6 the member complete at least five years of active membership with the relief association
 164.7 before separation from active service may be waived by the board of trustees of the relief
 164.8 association if the member completes at least five years of inactive membership with the
 164.9 relief association before the date of the payment of the service pension. During the period
 164.10 of inactive membership, the member is not entitled to receive any disability benefit
 164.11 coverage, is not entitled to receive additional individual account allocation of fire state
 164.12 aid or municipal contribution towards a service pension, and is considered to have the
 164.13 status of a person entitled to a deferred service pension.

164.14 (c) The service pension earned by a volunteer under this chapter and the articles
 164.15 of incorporation and bylaws of the relief association may be paid whether or not the
 164.16 municipality or nonprofit firefighting corporation to which the relief association is
 164.17 associated qualifies for the receipt of fire state aid under chapter 69.

164.18 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a
 164.19 defined contribution relief association so provide, a relief association may pay a reduced
 164.20 service pension not to exceed the nonforfeitable percentage of the account balance to a
 164.21 retiring member who has completed fewer than 20 years of service. The reduced service
 164.22 pension may be paid when the retiring member meets the minimum age and service
 164.23 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are
 164.24 as follows:

<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage of Pension Amount</u>
<u>5</u>	<u>40 percent</u>
<u>6</u>	<u>52 percent</u>
<u>7</u>	<u>64 percent</u>
<u>8</u>	<u>76 percent</u>
<u>9</u>	<u>88 percent</u>
<u>10 and thereafter</u>	<u>100 percent</u>

164.33 Subd. 4. **Individual accounts.** (a) An individual account must be established for
 164.34 each firefighter who is a member of the relief association.

164.35 (b) To each individual active member account must be credited an equal share of:
 164.36 (1) any amounts of fire state aid received by the relief association;

165.1 (2) any amounts of municipal contributions to the relief association raised from
165.2 levies on real estate or from other available municipal revenue sources exclusive of fire
165.3 state aid; and

165.4 (3) any amounts equal to the share of the assets of the special fund to the credit of:

165.5 (i) any former member who terminated active service with the fire department to
165.6 which the relief association is associated before meeting the minimum service requirement
165.7 provided for in subdivision 2, paragraph (b), and has not returned to active service with
165.8 the fire department for a period no shorter than five years; or

165.9 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
165.10 the amounts credited to the individual member account under subdivision 2, paragraph
165.11 (b), and any applicable provision of the bylaws of the relief association. In addition, any
165.12 investment return on the assets of the special fund must be credited in proportion to the
165.13 share of the assets of the special fund to the credit of each individual active member
165.14 account. Administrative expenses of the relief association payable from the special
165.15 fund may be deducted from individual accounts in a manner specified in the bylaws of
165.16 the relief association.

165.17 (c) Amounts to be credited to individual accounts must be allocated uniformly for all
165.18 years of active service and allocations must be made for all years of service, except for
165.19 caps on service credit if so provided in the bylaws of the relief association. The allocation
165.20 method may utilize monthly proration for fractional years of service, as the bylaws or
165.21 articles of incorporation of the relief association so provide. The bylaws or articles of
165.22 incorporation may define a "month," but the definition must require a calendar month to
165.23 have at least 16 days of active service. If the bylaws or articles of incorporation do not
165.24 define a "month," a "month" is a completed calendar month of active service measured
165.25 from the member's date of entry to the same date in the subsequent month.

165.26 (d) At the time of retirement under subdivision 2 and any applicable provision of the
165.27 bylaws of the relief association, a retiring member is entitled to that portion of the assets
165.28 of the special fund to the credit of the member in the individual member account which is
165.29 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
165.30 association based on the number of years of service to the credit of the retiring member.

165.31 (e) Annually, the secretary of the relief association shall certify the individual
165.32 account allocations to the state auditor at the same time that the annual financial statement
165.33 or financial report and audit of the relief association, whichever applies, is due under
165.34 section 69.051.

165.35 Subd. 5. **Service pension installment payments.** A defined contribution relief
165.36 association, if the governing bylaws so provide, may pay, at the option of the retiring

166.1 member and in lieu of a single payment of a service pension, the service pension in
166.2 installments. The election of installment payments is irrevocable and must be made by the
166.3 retiring member in writing and filed with the secretary of the relief association no later
166.4 than 30 days before the commencement of payment of the service pension. The amount of
166.5 the installment payments must be the fractional portion of the remaining account balance
166.6 equal to one divided by the number of remaining annual installment payments.

166.7 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled
166.8 to a deferred service pension if the member:

166.9 (1) has completed the lesser of the minimum period of active service with the fire
166.10 department specified in the bylaws or 20 years of active service with the fire department;

166.11 (2) has completed at least five years of active membership in the relief association;
166.12 and

166.13 (3) separates from active service and membership before reaching age 50 or the
166.14 minimum age for retirement and commencement of a service pension specified in the
166.15 bylaws governing the relief association if that age is greater than age 50.

166.16 (b) The deferred service pension is payable when the former member reaches age
166.17 50, or the minimum age specified in the bylaws governing the relief association if that age
166.18 is greater than age 50, and when the former member makes a valid written application.

166.19 (c) A defined contribution relief association may, if its governing bylaws so provide,
166.20 credit interest or additional investment performance on the deferred lump-sum service
166.21 pension during the period of deferral. If provided for in the bylaws, the interest must be
166.22 paid:

166.23 (1) at the investment performance rate actually earned on that portion of the assets
166.24 if the deferred benefit amount is invested by the relief association in a separate account
166.25 established and maintained by the relief association or if the deferred benefit amount is
166.26 invested in a separate investment vehicle held by the relief association; or

166.27 (2) the investment return on the assets of the special fund of the defined contribution
166.28 volunteer firefighter relief association in proportion to the share of the assets of the special
166.29 fund to the credit of each individual deferred member account through the date on which
166.30 the investment return is recognized by and credited to the special fund.

166.31 (d) The deferred service pension is governed by and must be calculated under
166.32 the general statute, special law, relief association articles of incorporation, and relief
166.33 association bylaw provisions applicable on the date on which the member separated from
166.34 active service with the fire department and active membership in the relief association.

166.35 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
166.36 association may only pay an ancillary benefit which would constitute an authorized

167.1 disbursement as specified in section 424A.05. The ancillary benefit for active members
167.2 must equal the vested or nonvested amount of the individual account of the member.

167.3 (b) For deferred members, the ancillary benefit must equal the vested amount of
167.4 the individual account of the member. For the recipient of installment payments of a
167.5 service pension, the ancillary benefit must equal the remaining balance in the individual
167.6 account of the recipient.

167.7 Subd. 8. **Filing of bylaw amendments.** Each relief association to which this section
167.8 applies must file a revised copy of its governing bylaws with the state auditor upon the
167.9 adoption of any amendment to its governing bylaws by the relief association. Failure of
167.10 the relief association to file a copy of the bylaws or any bylaw amendments with the state
167.11 auditor disqualifies the municipality from the distribution of any future fire state aid until
167.12 this filing requirement has been completed.

167.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

167.14 Sec. 24. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

167.15 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its
167.16 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund
167.17 a defined benefit service pension to each of its members who: (1) separates from active
167.18 service with the fire department; (2) reaches age 50; (3) completes at least five years of
167.19 active service as an active member of the municipal fire department to which the relief
167.20 association is associated; (4) completes at least five years of active membership with
167.21 the relief association before separation from active service; and (5) complies with any
167.22 additional conditions as to age, service, and membership that are prescribed by the bylaws
167.23 of the relief association. A service pension computed under this section may be prorated
167.24 monthly for fractional years of service; ~~if~~ as the bylaws or articles of incorporation of
167.25 the relief association so provide. The bylaws or articles of incorporation may define
167.26 a "month," but the definition must require a calendar month to have at least 16 days of
167.27 active service. If the bylaws or articles of incorporation do not define a "month," a
167.28 "month" is a completed calendar month of active service measured from the member's
167.29 date of entry to the same date in the subsequent month. The service pension earned by a
167.30 volunteer firefighter under this chapter and the articles of incorporation and bylaws of the
167.31 volunteer firefighters' relief association may be paid whether or not the municipality or
167.32 nonprofit firefighting corporation to which the relief association is associated qualifies for
167.33 the receipt of fire state aid under chapter 69.

167.34 (b) In the case of a member who has completed at least five years of active service as
167.35 an active member of the fire department to which the relief association is associated on

168.1 the date that the relief association is established and incorporated, the requirement that
168.2 the member complete at least five years of active membership with the relief association
168.3 before separation from active service may be waived by the board of trustees of the relief
168.4 association if the member completes at least five years of inactive membership with the
168.5 relief association before the date of the payment of the service pension. During the
168.6 period of inactive membership, the member is not entitled to receive disability benefit
168.7 coverage, is not entitled to receive additional service credit towards computation of a
168.8 service pension, and is considered to have the status of a person entitled to a deferred
168.9 service pension under subdivision 7.

168.10 (c) No municipality or nonprofit firefighting corporation may delegate the power to
168.11 take final action in setting a service pension or ancillary benefit amount or level to the
168.12 board of trustees of the relief association or to approve in advance a service pension or
168.13 ancillary benefit amount or level equal to the maximum amount or level that this chapter
168.14 would allow rather than a specific dollar amount or level.

168.15 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a
168.16 defined benefit service pension or disability benefit to a former member of the relief
168.17 association if that person has not separated from active service with the fire department to
168.18 which the relief association is directly associated, unless:

168.19 (1) the person is employed subsequent to retirement by the municipality or the
168.20 independent nonprofit firefighting corporation, whichever applies, to perform duties within
168.21 the municipal fire department or corporation on a full-time basis;

168.22 (2) the governing body of the municipality or of the corporation has filed its
168.23 determination with the board of trustees of the relief association that the person's
168.24 experience with and service to the fire department in that person's full-time capacity
168.25 would be difficult to replace; and

168.26 (3) the bylaws of the relief association were amended to provide for the payment of
168.27 a service pension or disability benefit for such full-time employees.

168.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

168.29 Sec. 25. Minnesota Statutes 2008, section 424A.02, subdivision 2, is amended to read:

168.30 Subd. 2. **Nonforfeitable portion of service pension.** (a) If the articles of
168.31 incorporation or bylaws of a defined benefit relief association so provide, ~~a~~ the relief
168.32 association may pay a reduced service pension to a retiring member who has completed
168.33 fewer than 20 years of service. The reduced service pension may be paid when the retiring
168.34 member meets the minimum age and service requirements of subdivision 1.

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169.1 (b) The amount of the reduced service pension may not exceed the amount calculated
 169.2 by multiplying the service pension appropriate for the completed years of service as
 169.3 specified in the bylaws ~~times~~ multiplied by the applicable nonforfeitable percentage of
 169.4 pension.

169.5 (c) For a defined benefit volunteer firefighter relief association that pays a lump-sum
 169.6 service pension, a monthly benefit service pension, or a lump-sum service pension or a
 169.7 monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage
 169.8 of pension amounts are as follows:

169.9	Completed Years of Service	Nonforfeitable Percentage of
169.10		Pension Amount
169.11	5	40 percent
169.12	6	44 percent
169.13	7	48 percent
169.14	8	52 percent
169.15	9	56 percent
169.16	10	60 percent
169.17	11	64 percent
169.18	12	68 percent
169.19	13	72 percent
169.20	14	76 percent
169.21	15	80 percent
169.22	16	84 percent
169.23	17	88 percent
169.24	18	92 percent
169.25	19	96 percent
169.26	20 and thereafter	100 percent

169.27 ~~(d) For a volunteer firefighter relief association that pays a defined contribution~~
 169.28 ~~service pension, the nonforfeitable percentage of pension amounts are as follows:~~

169.29	Completed Years of Service	Nonforfeitable Percentage of
169.30		Pension Amount
169.31	5	40 percent
169.32	6	52 percent
169.33	7	64 percent
169.34	8	76 percent
169.35	9	88 percent
169.36	10 and thereafter	100 percent

169.37 **EFFECTIVE DATE.** This section is effective July 1, 2009.

169.38 Sec. 26. Minnesota Statutes 2008, section 424A.02, subdivision 3, is amended to read:

170.1 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1
 170.2 as part of the certification of the financial requirements and minimum municipal obligation
 170.3 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,
 170.4 the secretary or some other official of the relief association designated in the bylaws of
 170.5 each defined benefit relief association shall calculate and certify to the governing body
 170.6 of the applicable qualified municipality the average amount of available financing per
 170.7 active covered firefighter for the most recent three-year period. The amount of available
 170.8 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the
 170.9 relief association, any amounts of municipal contributions to the relief association raised
 170.10 from levies on real estate or from other available revenue sources exclusive of fire state
 170.11 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief
 170.12 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;
 170.13 or 69.774, subdivision 2, if any.

170.14 (b) The maximum service pension which the defined benefit relief association has
 170.15 authority to provide for in its bylaws for payment to a member retiring after the calculation
 170.16 date when the minimum age and service requirements specified in subdivision 1 are met
 170.17 must be determined using the table in paragraph (c) or (d), whichever applies.

170.18 (c) For a defined benefit relief association where the governing bylaws provide for
 170.19 a monthly service pension to a retiring member, the maximum monthly service pension
 170.20 amount per month for each year of service credited that may be provided for in the bylaws
 170.21 is the greater of the service pension amount provided for in the bylaws on the date of the
 170.22 calculation of the average amount of the available financing per active covered firefighter
 170.23 or the maximum service pension figure corresponding to the average amount of available
 170.24 financing per active covered firefighter:

170.25	Minimum Average Amount of Available	Maximum Service Pension Amount
170.26	Financing per Firefighter	Payable per Month for Each
170.27		Year of Service
170.28	\$...	\$.25
170.29	41	.50
170.30	81	1.00
170.31	122	1.50
170.32	162	2.00
170.33	203	2.50
170.34	243	3.00
170.35	284	3.50
170.36	324	4.00
170.37	365	4.50
170.38	405	5.00
170.39	486	6.00

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171.1	567	7.00
171.2	648	8.00
171.3	729	9.00
171.4	810	10.00
171.5	891	11.00
171.6	972	12.00
171.7	1053	13.00
171.8	1134	14.00
171.9	1215	15.00
171.10	1296	16.00
171.11	1377	17.00
171.12	1458	18.00
171.13	1539	19.00
171.14	1620	20.00
171.15	1701	21.00
171.16	1782	22.00
171.17	1823	22.50
171.18	1863	23.00
171.19	1944	24.00
171.20	2025	25.00
171.21	2106	26.00
171.22	2187	27.00
171.23	2268	28.00
171.24	2349	29.00
171.25	2430	30.00
171.26	2511	31.00
171.27	2592	32.00
171.28	2673	33.00
171.29	2754	34.00
171.30	2834	35.00
171.31	2916	36.00
171.32	2997	37.00
171.33	3078	38.00
171.34	3159	39.00
171.35	3240	40.00
171.36	3321	41.00
171.37	3402	42.00
171.38	3483	43.00
171.39	3564	44.00
171.40	3645	45.00
171.41	3726	46.00
171.42	3807	47.00
171.43	3888	48.00

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172.1	3969	49.00
172.2	4050	50.00
172.3	4131	51.00
172.4	4212	52.00
172.5	4293	53.00
172.6	4374	54.00
172.7	4455	55.00
172.8	4536	56.00
172.9	Effective beginning December 31, 2008	
172.10	4617	57.00
172.11	4698	58.00
172.12	4779	59.00
172.13	4860	60.00
172.14	4941	61.00
172.15	5022	62.00
172.16	5103	63.00
172.17	5184	64.00
172.18	5265	65.00
172.19	Effective beginning December 31, 2009	
172.20	5346	66.00
172.21	5427	67.00
172.22	5508	68.00
172.23	5589	69.00
172.24	5670	70.00
172.25	5751	71.00
172.26	5832	72.00
172.27	5913	73.00
172.28	5994	74.00
172.29	Effective beginning December 31, 2010	
172.30	6075	75.00
172.31	6156	76.00
172.32	6237	77.00
172.33	6318	78.00
172.34	6399	79.00
172.35	6480	80.00
172.36	6561	81.00
172.37	6642	82.00
172.38	6723	83.00
172.39	Effective beginning December 31, 2011	
172.40	6804	84.00
172.41	6885	85.00
172.42	6966	86.00
172.43	7047	87.00

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173.1	7128	88.00
173.2	7209	89.00
173.3	7290	90.00
173.4	7371	91.00
173.5	7452	92.00
173.6	Effective beginning December 31, 2012	
173.7	7533	93.00
173.8	7614	94.00
173.9	7695	95.00
173.10	7776	96.00
173.11	7857	97.00
173.12	7938	98.00
173.13	8019	99.00
173.14	8100	100.00
173.15	any amount in excess of	
173.16	8100	100.00

173.17 (d) For a defined benefit relief association in which the governing bylaws provide
 173.18 for a lump-sum service pension to a retiring member, the maximum lump-sum service
 173.19 pension amount for each year of service credited that may be provided for in the bylaws is
 173.20 the greater of the service pension amount provided for in the bylaws on the date of the
 173.21 calculation of the average amount of the available financing per active covered firefighter
 173.22 or the maximum service pension figure corresponding to the average amount of available
 173.23 financing per active covered firefighter for the applicable specified period:

173.24	Minimum Average Amount of Available	Maximum Lump-Sum Service
173.25	Financing per Firefighter	Pension Amount Payable for
173.26		Each Year of Service
173.27	\$...	\$ 10
173.28	11	20
173.29	16	30
173.30	23	40
173.31	27	50
173.32	32	60
173.33	43	80
173.34	54	100
173.35	65	120
173.36	77	140
173.37	86	160
173.38	97	180
173.39	108	200
173.40	131	240
173.41	151	280
173.42	173	320

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174.1	194	360
174.2	216	400
174.3	239	440
174.4	259	480
174.5	281	520
174.6	302	560
174.7	324	600
174.8	347	640
174.9	367	680
174.10	389	720
174.11	410	760
174.12	432	800
174.13	486	900
174.14	540	1000
174.15	594	1100
174.16	648	1200
174.17	702	1300
174.18	756	1400
174.19	810	1500
174.20	864	1600
174.21	918	1700
174.22	972	1800
174.23	1026	1900
174.24	1080	2000
174.25	1134	2100
174.26	1188	2200
174.27	1242	2300
174.28	1296	2400
174.29	1350	2500
174.30	1404	2600
174.31	1458	2700
174.32	1512	2800
174.33	1566	2900
174.34	1620	3000
174.35	1672	3100
174.36	1726	3200
174.37	1753	3250
174.38	1780	3300
174.39	1820	3375
174.40	1834	3400
174.41	1888	3500
174.42	1942	3600
174.43	1996	3700

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175.1	2023	3750
175.2	2050	3800
175.3	2104	3900
175.4	2158	4000
175.5	2212	4100
175.6	2265	4200
175.7	2319	4300
175.8	2373	4400
175.9	2427	4500
175.10	2481	4600
175.11	2535	4700
175.12	2589	4800
175.13	2643	4900
175.14	2697	5000
175.15	2751	5100
175.16	2805	5200
175.17	2859	5300
175.18	2913	5400
175.19	2967	5500
175.20	3021	5600
175.21	3075	5700
175.22	3129	5800
175.23	3183	5900
175.24	3237	6000
175.25	3291	6100
175.26	3345	6200
175.27	3399	6300
175.28	3453	6400
175.29	3507	6500
175.30	3561	6600
175.31	3615	6700
175.32	3669	6800
175.33	3723	6900
175.34	3777	7000
175.35	3831	7100
175.36	3885	7200
175.37	3939	7300
175.38	3993	7400
175.39	4047	7500
175.40	Effective beginning December 31, 2008	
175.41	4101	7600
175.42	4155	7700
175.43	4209	7800

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176.1	4263	7900
176.2	4317	8000
176.3	4371	8100
176.4	4425	8200
176.5	4479	8300
176.6	Effective beginning December 31, 2009	
176.7	4533	8400
176.8	4587	8500
176.9	4641	8600
176.10	4695	8700
176.11	4749	8800
176.12	4803	8900
176.13	4857	9000
176.14	4911	9100
176.15	Effective beginning December 31, 2010	
176.16	4965	9200
176.17	5019	9300
176.18	5073	9400
176.19	5127	9500
176.20	5181	9600
176.21	5235	9700
176.22	5289	9800
176.23	5343	9900
176.24	5397	10,000
176.25	any amount in excess of	
176.26	5397	10,000

176.27 (e) For a defined benefit relief association in which the governing bylaws provide
 176.28 for a monthly benefit service pension as an alternative form of service pension payment
 176.29 to a lump-sum service pension, the maximum service pension amount for each pension
 176.30 payment type must be determined using the applicable table contained in this subdivision.

176.31 (f) If a defined benefit relief association establishes a service pension in compliance
 176.32 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 176.33 amount of available financing per active covered firefighter is subsequently reduced
 176.34 because of a reduction in fire state aid or because of an increase in the number of active
 176.35 firefighters, the relief association may continue to provide the prior service pension
 176.36 amount specified in its bylaws, but may not increase the service pension amount until
 176.37 the minimum average amount of available financing per firefighter under the table in
 176.38 paragraph (c) or (d), whichever applies, permits.

176.39 (g) No defined benefit relief association is authorized to provide a service pension in
 176.40 an amount greater than the largest applicable flexible service pension maximum amount

177.1 even if the amount of available financing per firefighter is greater than the financing
177.2 amount associated with the largest applicable flexible service pension maximum.

177.3 (h) The method of calculating service pensions must be applied uniformly for all
177.4 years of active service. Credit must be given for all years of active service except for caps
177.5 on service credit if so provided in the bylaws of the relief association.

177.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

177.7 Sec. 27. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

177.8 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)

177.9 If a defined benefit relief association pays a service pension greater than the maximum
177.10 service pension associated with the applicable average amount of available financing per
177.11 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever
177.12 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable
177.13 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is
177.14 less, the state auditor shall:

177.15 (1) disqualify the municipality or the nonprofit firefighting corporation associated
177.16 with the relief association from receiving fire state aid by making the appropriate
177.17 notification to the municipality and the commissioner of revenue, with the disqualification
177.18 applicable for the next apportionment and payment of fire state aid; and

177.19 (2) order the treasurer of the applicable relief association to recover the amount of
177.20 the overpaid service pension or pensions from any retired firefighter who received an
177.21 overpayment.

177.22 (b) Fire state aid amounts from disqualified municipalities for the period of
177.23 disqualifications under paragraph (a), clause (1), must be credited to the amount of
177.24 fire insurance premium tax proceeds available for the next subsequent fire state aid
177.25 apportionment.

177.26 (c) The amount of any overpaid service pension recovered under paragraph (a),
177.27 clause (2), must be credited to the amount of fire insurance premium tax proceeds
177.28 available for the next subsequent fire state aid apportionment.

177.29 (d) The determination of the state auditor that a relief association has paid a service
177.30 pension greater than the applicable maximum must be made on the basis of the information
177.31 filed by the relief association and the municipality with the state auditor under sections
177.32 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other
177.33 relevant information that comes to the attention of the state auditor. The determination
177.34 of the state auditor is final. An aggrieved municipality, relief association, or person may
177.35 appeal the determination under section 480A.06.

178.1 EFFECTIVE DATE. This section is effective July 1, 2009.

178.2 Sec. 28. Minnesota Statutes 2008, section 424A.02, subdivision 7, is amended to read:

178.3 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief
178.4 association is entitled to a deferred service pension if the member:

178.5 (1) has completed the lesser of either the minimum period of active service with
178.6 the fire department specified in the bylaws or 20 years of active service with the fire
178.7 department;

178.8 (2) has completed at least five years of active membership in the relief association;
178.9 and

178.10 (3) separates from active service and membership before reaching age 50 or the
178.11 minimum age for retirement and commencement of a service pension specified in the
178.12 bylaws governing the relief association if that age is greater than age 50.

178.13 (b) The deferred service pension is payable when the former member reaches age
178.14 50, or the minimum age specified in the bylaws governing the relief association if that age
178.15 is greater than age 50, and when the former member makes a valid written application.

178.16 (c) A defined benefit relief association that provides a lump-sum service pension
178.17 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the
178.18 deferred lump-sum service pension during the period of deferral. If provided for in the
178.19 bylaws, interest must be paid in one of the following manners:

178.20 (1) at the investment performance rate actually earned on that portion of the assets
178.21 if the deferred benefit amount is invested by the relief association in a separate account
178.22 established and maintained by the relief association or if the deferred benefit amount is
178.23 invested in a separate investment vehicle held by the relief association; or

178.24 (2) at an interest rate of up to five percent, compounded annually, as set by the board
178.25 of directors and approved as provided in subdivision 10.

178.26 (d) Interest under paragraph (c), clause (2), is payable following the date on which
178.27 the municipality has approved the deferred service pension interest rate established by
178.28 the board of trustees.

178.29 ~~(e) A relief association that provides a defined contribution service pension may,~~
178.30 ~~if its governing bylaws so provide, credit interest or additional investment performance~~
178.31 ~~on the deferred lump-sum service pension during the period of deferral. If provided for~~
178.32 ~~in the bylaws, the interest must be paid in one of the manners specified in paragraph~~
178.33 ~~(c) or alternatively the relief association may credit any investment return on the assets~~
178.34 ~~of the special fund of the defined contribution volunteer firefighter relief association in~~
178.35 ~~proportion to the share of the assets of the special fund to the credit of each individual~~

179.1 ~~deferred member account through the date on which the investment return is recognized~~
179.2 ~~by and credited to the special fund.~~

179.3 ~~(f)~~ (e) For a deferred service pension that is transferred to a separate account
179.4 established and maintained by the relief association or separate investment vehicle held
179.5 by the relief association, the deferred member bears the full investment risk subsequent
179.6 to transfer and in calculating the accrued liability of the volunteer firefighters relief
179.7 association that pays a lump-sum service pension, the accrued liability for deferred service
179.8 pensions is equal to the separate relief association account balance or the fair market value
179.9 of the separate investment vehicle held by the relief association.

179.10 ~~(g)~~ (f) The deferred service pension is governed by and must be calculated under
179.11 the general statute, special law, relief association articles of incorporation, and relief
179.12 association bylaw provisions applicable on the date on which the member separated from
179.13 active service with the fire department and active membership in the relief association.

179.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

179.15 Sec. 29. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

179.16 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined
179.17 benefit relief association, if the governing bylaws so provide, may pay, at the option of the
179.18 ~~retiring member~~ intended recipient and in lieu of a single payment of a lump-sum service
179.19 pension or survivor benefit, a lump-sum service pension or survivor benefit in installments.

179.20 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be
179.21 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of
179.22 the relief association no later than 30 days ~~prior to~~ before the commencement of payment
179.23 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~
179.24 must be determined ~~so that the present value of the aggregate installment payments~~
179.25 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~
179.26 ~~of the single lump-sum payment which would have been made had the installment~~
179.27 ~~payments option not been elected. The payment of each installment shall include interest~~
179.28 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~
179.29 ~~installment payments as of the date on which the previous installment payment was paid~~
179.30 ~~and computed from the date on which the previous installment payment was paid to the~~
179.31 ~~date of payment for the current installment payment~~ in any reasonable manner provided
179.32 for in the governing bylaws, but the total amount of installment payments may not exceed
179.33 the single payment service pension amount plus interest at an annual rate of five percent
179.34 on the amount of delayed payments for the period during which payment was delayed.

180.1 ~~(c) To the extent that the commissioner of commerce deems it to be necessary or~~
180.2 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~
180.3 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

180.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

180.5 Sec. 30. Minnesota Statutes 2008, section 424A.02, subdivision 9, is amended to read:

180.6 Subd. 9. **Limitation on ancillary benefits.** ~~Any~~ A defined benefit relief association,
180.7 including any volunteer firefighters relief association governed by section 69.77 or any
180.8 volunteer firefighters division of a relief association governed by chapter 424, may only
180.9 pay ancillary benefits which would constitute an authorized disbursement as specified in
180.10 section 424A.05 subject to the following requirements or limitations:

180.11 (1) with respect to a defined benefit relief association in which governing bylaws
180.12 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
180.13 be paid to any former member or paid to any person on behalf of any former member
180.14 after the former member (i) terminates active service with the fire department and active
180.15 membership in the relief association; and (ii) commences receipt of a service pension as
180.16 authorized under this section; and

180.17 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
180.18 payable to any member, to any former member, or to any person on behalf of any member
180.19 or former member, may exceed in amount the total earned service pension of the member
180.20 or former member. The total earned service pension must be calculated by multiplying
180.21 the service pension amount specified in the bylaws of the relief association at the time of
180.22 death or disability, whichever applies, by the years of service credited to the member or
180.23 former member. The years of service must be determined as of (i) the date the member or
180.24 former member became entitled to the ancillary benefit; or (ii) the date the member or
180.25 former member died entitling a survivor or the estate of the member or former member to
180.26 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
180.27 member had attained the minimum amount of service and membership credit specified in
180.28 the governing bylaws. For active members, the amount of a permanent disability benefit
180.29 or a survivor benefit must be equal to the member's total earned service pension except
180.30 that the bylaws of ~~any~~ a defined benefit relief association may provide for the payment of
180.31 a survivor benefit in an amount not to exceed five times the yearly service pension amount
180.32 specified in the bylaws on behalf of any member who dies before having performed five
180.33 years of active service in the fire department with which the relief association is affiliated.

180.34 **EFFECTIVE DATE.** This section is effective July 1, 2009.

181.1 Sec. 31. Minnesota Statutes 2008, section 424A.02, subdivision 9a, is amended to read:

181.2 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or
181.3 special law to the contrary, a defined benefit relief association paying a monthly service
181.4 pension may provide a postretirement increase to retired members and ancillary benefit
181.5 recipients of the relief association if (1) the relief association adopts an appropriate bylaw
181.6 amendment; and (2) the bylaw amendment is approved by the municipality pursuant to
181.7 subdivision 10 and section 69.773, subdivision 6. The postretirement increase ~~shall be~~
181.8 is applicable only to retired members and ancillary benefit recipients receiving a service
181.9 pension or ancillary benefit as of the effective date of the bylaw amendment. The authority
181.10 to provide a postretirement increase to retired members and ancillary benefit recipients
181.11 of a relief association contained in this subdivision ~~shall supersede~~ supersedes any prior
181.12 special law authorization relating to the provision of postretirement increases.

181.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

181.14 Sec. 32. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

181.15 Subd. 9b. **Repayment of service pension in certain instances.** If a retired
181.16 volunteer firefighter does not permanently separate from active firefighting service as
181.17 required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service
181.18 as a firefighter in the same volunteer fire department or as a person in charge of firefighters
181.19 in the same volunteer fire department, no additional service pension amount is payable
181.20 to the person, no additional service is creditable to the person, and the person ~~shall~~ must
181.21 repay to the defined benefit relief association any previously received service pension.

181.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

181.23 Sec. 33. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

181.24 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
181.25 defined benefit relief association to which this section applies ~~shall~~ must file a revised
181.26 copy of its governing bylaws with the state auditor upon the adoption of any amendment
181.27 to its governing bylaws by the relief association or upon the approval of any amendment
181.28 to its governing bylaws granted by the governing body of each municipality served by the
181.29 fire department to which the relief association is directly associated. Failure of the relief
181.30 association to file a copy of the bylaws or any bylaw amendments with the state auditor
181.31 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state
181.32 aid until this filing requirement has been completed.

182.1 (b) If the special fund of the relief association does not have a surplus over full
182.2 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or
182.3 69.773, subdivision 4, and if the municipality is required to provide financial support to
182.4 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no
182.5 bylaw amendment which would affect the amount of, the manner of payment of, or the
182.6 conditions for qualification for service pensions or ancillary benefits or disbursements
182.7 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable
182.8 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified
182.9 by the governing body or bodies of the appropriate municipalities. If the municipality is
182.10 not required to provide financial support to the special fund ~~pursuant to~~ under this section,
182.11 the relief association may adopt or amend without municipal ratification its articles
182.12 of incorporation or bylaws which increase or otherwise affect the service pensions or
182.13 ancillary benefits payable from the special fund so long as the changes do not cause the
182.14 amount of the resulting increase in the accrued liability of the special fund to exceed 90
182.15 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior year and
182.16 the changes do not result in the financial requirements of the special fund exceeding the
182.17 expected amount of the ~~future~~ subsequent calendar year's fire state aid to be received
182.18 by the relief association.

182.19 (c) If the relief association pays only a lump-sum pension, the financial requirements
182.20 are to be determined by the board of trustees following the preparation of an estimate
182.21 of the expected increase in the accrued liability and annual accruing liability of the
182.22 relief association attributable to the change. If the relief association pays a monthly
182.23 benefit service pension, the financial requirements are to be determined by the board of
182.24 trustees following either an updated actuarial valuation including the proposed change
182.25 or an estimate of the expected actuarial impact of the proposed change prepared by the
182.26 actuary of the relief association. If a relief association adopts or amends its articles of
182.27 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,
182.28 and, subsequent to the amendment or adoption, the financial requirements of the special
182.29 fund ~~pursuant to~~ under this section are such so as to require financial support from the
182.30 municipality, the provision which was implemented without municipal ratification ~~shall~~ is
182.31 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary
182.32 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of
182.33 incorporation or bylaws as amended or adopted with municipal ratification.

182.34 **EFFECTIVE DATE.** This section is effective July 1, 2009.

182.35 Sec. 34. Minnesota Statutes 2008, section 424A.02, subdivision 12, is amended to read:

183.1 Subd. 12. **Transfer of service credit to new district.** Notwithstanding the
183.2 requirements of subdivision 1 or any other law, a member of a fire department which is
183.3 disbanded upon formation of a fire district to serve substantially the same geographic
183.4 area, who serves as an active firefighter with the new district fire department, and is a
183.5 member of the district firefighters' defined benefit relief association ~~shall be~~ is entitled
183.6 to a nonforfeitable service pension from the new relief association upon completion of
183.7 a combined total of 20 years active service in the disbanded and the new departments.
183.8 The amount of the service pension ~~shall be~~ is based upon years of service in the new
183.9 department only; and ~~shall~~ must be in an amount equal to the accrued liability for the
183.10 appropriate years of service calculated in accordance with section 69.772, subdivision 2.

183.11 Sec. 35. Minnesota Statutes 2008, section 424A.02, subdivision 13, is amended to read:

183.12 Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws
183.13 of the defined benefit relief associations so provide, a volunteer firefighter with credit for
183.14 service as an active firefighter in more than one defined benefit volunteer firefighters relief
183.15 association is entitled, when the applicable requirements of paragraph (b) are met and
183.16 when otherwise qualified, to a prorated service credit from each relief association.

183.17 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
183.18 must have a total amount of service credit of ten years or more, if the bylaws of every
183.19 affected relief association ~~does do not require~~ specify only a five-year service vesting
183.20 requirement, or five years or more, if the bylaws of every affected relief association
183.21 ~~requires~~ require only a five-year service vesting requirement, as a member of two or more
183.22 relief associations otherwise qualified. The member must have one year or more of service
183.23 credit in each relief association. The prorated service pension must be based on the service
183.24 pension amount in effect for the relief association on the date on which active volunteer
183.25 firefighting services covered by that relief association terminate. To receive a service
183.26 pension under this subdivision, the firefighter must become a member of the second or
183.27 succeeding association and must give notice of membership to the prior association within
183.28 two years of the date of termination of active service with the prior association. The notice
183.29 must be attested to by the second or subsequent relief association secretary.

183.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

183.31 Sec. 36. Minnesota Statutes 2008, section 424A.021, is amended to read:

183.32 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
183.33 **SERVICE.**

184.1 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a
184.2 volunteer firefighter who is absent from firefighting service due to service in the uniformed
184.3 services, as defined in United States Code, title 38, section 4303(13), may obtain service
184.4 credit if the relief association is a defined benefit plan or an allocation ~~of any fire state~~
184.5 ~~aid, any municipal contributions, and any investment return received~~ by the relief
184.6 association as though the person was an active member if the relief association is a defined
184.7 contribution plan for the period of the uniformed service, not to exceed five years, unless a
184.8 longer period is required under United States Code, title 38, section 4312.

184.9 Subd. 2. **Limitations.** (a) To be eligible for service credit or an ~~investment return~~
184.10 ~~allocation~~ as though an active member under this section, the volunteer firefighter must
184.11 return to firefighting service with coverage by the same relief association or by the
184.12 successor to that relief association upon discharge from service in the uniformed service
184.13 within the time frame required in United States Code, title 38, section 4312(e).

184.14 (b) Service credit or an ~~investment return~~ allocation as though an active member is
184.15 not authorized if the firefighter separates from uniformed service with a dishonorable or
184.16 bad conduct discharge or under other than honorable conditions.

184.17 (c) Service credit or an ~~investment return~~ allocation as though an active member
184.18 is not authorized if the firefighter fails to provide notice to the fire department that the
184.19 individual is leaving to provide service in the uniformed service, unless it is not feasible to
184.20 provide that notice due to the emergency nature of the situation.

184.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

184.22 Sec. 37. Minnesota Statutes 2008, section 424A.03, is amended to read:

184.23 **424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE**
184.24 **PENSION AND RETIREMENT BENEFITS.**

184.25 Subdivision 1. **Limitation on nonuniformity of pensions.** Every partially salaried
184.26 and partially volunteer firefighters' relief association ~~shall~~ must provide service pensions
184.27 to volunteer firefighter members based on the years of service of the members not on
184.28 the compensation paid to the members for firefighting services. Each relief association
184.29 ~~shall~~ must provide service pensions to salaried members as set forth in chapter 424 and
184.30 applicable special laws.

184.31 Subd. 2. **Penalties for violations.** ~~Any A~~ Any A municipality which has a fire department
184.32 ~~to which associated with~~ a relief association which violates the provisions of subdivision
184.33 1 is directly associated or which contracts with an independent nonprofit firefighting
184.34 corporation ~~of which associated with~~ a relief association which violates the provisions

185.1 of subdivision 1 is a subsidiary ~~shall~~ may not be included in the apportionment of fire
185.2 state aid ~~by the commissioner of commerce~~ to the applicable county auditor ~~pursuant to~~
185.3 under section 69.021, subdivision 6, and ~~shall~~ may not be included in the apportionment
185.4 of fire state aid by the county auditor to the various municipalities ~~pursuant to~~ under
185.5 section 69.021, subdivision 7.

185.6 Subd. 3. **Exception to application of limitation and penalty.** The limitation
185.7 provided for in subdivision 1 ~~shall~~ does not apply to any relief association which ~~prior to~~
185.8 before January 1, 1957, had established a definite service pension formula for members
185.9 of the partially salaried and partially volunteer firefighters' relief association who are
185.10 regularly employed firefighters.

185.11 **EFFECTIVE DATE.** This section is effective July 1, 2009.

185.12 Sec. 38. Minnesota Statutes 2008, section 424A.04, is amended to read:

185.13 **424A.04 VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.**

185.14 Subdivision 1. **Membership.** (a) A relief association that is directly associated with
185.15 a municipal fire department must be managed by a board of trustees consisting of nine
185.16 members. Six trustees must be elected from the membership of the relief association and
185.17 three trustees must be drawn from the officials of the municipalities served by the fire
185.18 department to which the relief association is directly associated. The bylaws of a relief
185.19 association which provides a monthly benefit service pension may provide that one of
185.20 the six trustees elected from the relief association membership may be a retired member
185.21 receiving a monthly pension who is elected by the membership of the relief association.
185.22 The three municipal trustees must be one elected municipal official and one elected or
185.23 appointed municipal official who are designated as municipal representatives by the
185.24 municipal governing board annually and the chief of the municipal fire department.

185.25 (b) A relief association that is a subsidiary of an independent nonprofit firefighting
185.26 corporation must be managed by a board of trustees consisting of nine members. Six
185.27 trustees must be elected from the membership of the relief association, two trustees must
185.28 be drawn from the officials of the municipalities served by the fire department to which
185.29 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief
185.30 serving with the independent nonprofit firefighting corporation. The bylaws of a relief
185.31 association may provide that one of the six trustees elected from the relief association
185.32 membership may be a retired member receiving a monthly pension who is elected by the
185.33 membership of the relief association. The two municipal trustees must be elected or
185.34 appointed municipal officials, selected as follows:

186.1 (1) if only one municipality contracts with the independent nonprofit firefighting
186.2 corporation, the municipal trustees must be two officials of the contracting municipality
186.3 who are designated annually by the governing body of the municipality; or

186.4 (2) if two or more municipalities contract with the independent nonprofit corporation,
186.5 the municipal trustees must be one official from each of the two largest municipalities
186.6 in population who are designated annually by the governing bodies of the applicable
186.7 municipalities.

186.8 (c) The municipal trustees for a relief association that is directly associated with a
186.9 fire department operated as or by a joint powers entity must be the fire chief of the fire
186.10 department and two trustees designated annually by the joint powers board. The municipal
186.11 trustees for a relief association that is directly associated with a fire department service
186.12 area township must be the fire chief of the fire department and two trustees designated by
186.13 the township board.

186.14 (d) If a relief association lacks the municipal board members provided for in
186.15 paragraph (a), (b), or (c) because the fire department is not located in or associated with an
186.16 organized municipality, joint powers entity, or township, the municipal board members
186.17 must be the fire chief of the fire department and two board members appointed from the
186.18 fire department service area by the board of commissioners of the applicable county.

186.19 (e) The term of ~~these~~ the appointed municipal board members is one year or until the
186.20 person's successor is qualified, whichever is later.

186.21 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights
186.22 and duties accorded to any other trustee, except the right to be an officer of the relief
186.23 association board of trustees.

186.24 (g) A board must have at least three officers, who are a president, a secretary and a
186.25 treasurer. These officers must be elected from among the elected trustees by either the full
186.26 board of trustees or by the relief association membership, as specified in the bylaws. In
186.27 no event may any trustee hold more than one officer position at any one time. The terms
186.28 of the elected trustees and of the officers of the board must be specified in the bylaws of
186.29 the relief association, but may not exceed three years. If the term of the elected trustees
186.30 exceeds one year, the election of the various trustees elected from the membership must be
186.31 staggered on as equal a basis as is practicable.

186.32 Subd. 2. **Fiduciary duty.** The board of trustees of a relief association shall
186.33 undertake their activities consistent with chapter 356A.

186.34 Subd. 2a. **Fiduciary responsibility.** In the discharge of their respective duties, the
186.35 officers and trustees shall be held to the standard of care specified in section 11A.09. In
186.36 addition, the trustees shall act in accordance with chapter 356A. Each member of the

187.1 board is a fiduciary and shall undertake all fiduciary activities in accordance with the
187.2 standard of care of section 11A.09, and in a manner consistent with chapter 356A. No
187.3 fiduciary of a relief association shall cause a relief association to engage in a transaction if
187.4 the fiduciary knows or should know that the transaction constitutes one of the following
187.5 direct or indirect transactions:

187.6 (1) sale or exchange or leasing of any real property between the relief association
187.7 and a board member;

187.8 (2) lending of money or other extension of credit between the relief association and
187.9 a board member or member of the relief association;

187.10 (3) furnishing of goods, services, or facilities between the relief association and a
187.11 board member; or

187.12 (4) transfer to a board member, or use by or for the benefit of a board member, of any
187.13 assets of the relief association. A transfer of assets does not mean the payment of relief
187.14 association benefits or administrative expenses permitted by law.

187.15 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter
187.16 relief association ~~hires~~ employs or contracts with a consultant to provide legal or financial
187.17 advice, the secretary of the relief association shall obtain and the consultant shall provide
187.18 to the secretary of the relief association a copy of the consultant's certificate of insurance.

187.19 (b) A consultant is any person who is employed under contract to provide legal or
187.20 financial advice and who is or who represents to the volunteer firefighter relief association
187.21 that the person is:

187.22 (1) an actuary;

187.23 (2) a licensed public accountant or a certified public accountant;

187.24 (3) an attorney;

187.25 (4) an investment advisor or manager, or an investment counselor;

187.26 (5) an investment advisor or manager selection consultant;

187.27 (6) a pension benefit design advisor or consultant; or

187.28 (7) any other financial consultant.

187.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

187.30 Sec. 39. Minnesota Statutes 2008, section 424A.05, subdivision 1, is amended to read:

187.31 Subdivision 1. **Establishment of special fund.** Every volunteer firefighters' relief
187.32 association shall establish and maintain a special fund within the relief association.

187.33 **EFFECTIVE DATE.** This section is effective July 1, 2009.

188.1 Sec. 40. Minnesota Statutes 2008, section 424A.05, subdivision 2, is amended to read:

188.2 Subd. 2. **Special fund assets and revenues.** The special fund ~~shall~~ must be credited
188.3 with all fire state aid moneys received ~~pursuant to~~ under sections 69.011 to 69.051,
188.4 all taxes levied by or other revenues received from the municipality ~~pursuant to~~ under
188.5 sections 69.771 to 69.776 or any applicable special law requiring municipal support for
188.6 the relief association, any moneys or property donated, given, granted or devised by any
188.7 person which is specified for use for the support of the special fund and any interest or
188.8 investment return earned upon the assets of the special fund. The treasurer of the relief
188.9 association ~~shall be~~ is the custodian of the assets of the special fund and ~~shall~~ must be the
188.10 recipient on behalf of the special fund of all revenues payable to the special fund. The
188.11 treasurer shall maintain adequate records documenting any transaction involving the assets
188.12 or the revenues of the special fund. These records and the bylaws of the relief association
188.13 ~~shall be~~ are public and ~~shall~~ must be open for inspection by any member of the relief
188.14 association, any officer or employee of the state or of the municipality, or any member of
188.15 the public, at reasonable times and places.

188.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

188.17 Sec. 41. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

188.18 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements
188.19 from the special fund ~~are~~ may not ~~permitted to~~ be made for any purpose other than one of
188.20 the following:

188.21 (1) for the payment of service pensions to retired members of the relief association if
188.22 authorized and paid under law and the bylaws governing the relief association;

188.23 (2) for the payment of temporary or permanent disability benefits to disabled
188.24 members of the relief association if authorized and paid ~~pursuant to~~ under law and
188.25 specified in amount in the bylaws governing the relief association;

188.26 (3) for the payment of survivor benefits to surviving spouses and surviving children,
188.27 or if none, to designated beneficiaries, of deceased members of the relief association, and
188.28 if no survivors and if no designated beneficiary, for the payment of a death benefit to the
188.29 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~
188.30 under law and specified in amount in the bylaws governing the relief association;

188.31 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire
188.32 Department Association; and to the Minnesota Area Relief Association Coalition; ~~and to~~
188.33 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association
188.34 members to membership in and the benefits of these associations or organizations; ~~and~~

189.1 (5) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
189.2 Association, or an insurance company licensed by the state of Minnesota offering casualty
189.3 insurance, in order to entitle relief association members to membership in and the benefits
189.4 of the association or organization; and

189.5 ~~(5)~~ (6) for the payment of administrative expenses of the relief association as
189.6 authorized under section 69.80.

189.7 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association
189.8 or for a combination lump-sum and monthly benefit volunteer fire relief association where
189.9 a monthly benefit service pension has been elected by or a monthly benefit is payable with
189.10 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of
189.11 this chapter, for a defined contribution volunteer fire relief association, for a lump-sum
189.12 volunteer fire relief association, or for a combination lump-sum and monthly benefit
189.13 volunteer fire relief association where a lump-sum service pension has been elected by
189.14 or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary
189.15 may be a trust created under chapter 501B.

189.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

189.17 Sec. 42. Minnesota Statutes 2008, section 424A.05, subdivision 4, is amended to read:

189.18 Subd. 4. **Investments of assets of the special fund.** The assets of the special fund
189.19 ~~shall~~ must be invested only in securities authorized by section 69.775.

189.20 **EFFECTIVE DATE.** This section is effective July 1, 2009.

189.21 Sec. 43. Minnesota Statutes 2008, section 424A.06, is amended to read:

189.22 **424A.06 RELIEF ASSOCIATION GENERAL FUND.**

189.23 Subdivision 1. **Establishment of general fund.** ~~Any~~ A volunteer firefighters' relief
189.24 association may establish and maintain a general fund within the relief association.

189.25 Subd. 2. **General fund assets and revenues.** To the general fund, if established,
189.26 ~~shall~~ must be credited all moneys received from dues, fines, initiation fees, entertainment
189.27 revenues and any moneys or property donated, given, granted or devised by any person,
189.28 for unspecified uses. The treasurer of the relief association ~~shall be~~ is the custodian of the
189.29 assets of the general fund and ~~shall~~ must be the recipient on behalf of the general fund of
189.30 all revenues payable to the general fund. The treasurer shall maintain adequate records
189.31 documenting any transaction involving the assets or the revenues of the general fund.
189.32 These records ~~shall~~ must be open for inspection by any member of the relief association
189.33 at reasonable times and places.

190.1 Subd. 3. **Authorized disbursements from the general fund.** Disbursements from
190.2 the general fund may be made for any purpose that is authorized by either the articles of
190.3 incorporation or bylaws of the relief association.

190.4 Subd. 4. **Investment of assets of the general fund.** The assets of the general
190.5 fund may be invested in any securities that are authorized by the bylaws of the relief
190.6 association and may be certified for investment by the State Board of Investment in fixed
190.7 income pools or in a separately managed account at the discretion of the State Board of
190.8 Investment as provided in section 11A.14.

190.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

190.10 Sec. 44. Minnesota Statutes 2008, section 424A.07, is amended to read:

190.11 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS;**
190.12 **ESTABLISHMENT OF RELIEF ASSOCIATIONS.**

190.13 ~~Prior to~~ Before paying any service pensions or retirement benefits ~~pursuant to~~
190.14 under section 424A.02 or before becoming entitled to receive any amounts of fire state
190.15 aid upon transmittal from a contracting municipality ~~pursuant to~~ under section 69.031,
190.16 subdivision 5, a nonprofit firefighting corporation shall establish a volunteer firefighters'
190.17 relief association governed by this chapter.

190.18 Sec. 45. Minnesota Statutes 2008, section 424A.08, is amended to read:

190.19 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
190.20 **AUTHORIZED DISBURSEMENTS.**

190.21 (a) Any qualified municipality which is entitled to receive fire state aid but which
190.22 has no volunteer firefighters' relief association directly associated with its fire department
190.23 and which has no full-time firefighters with retirement coverage by the public employees
190.24 police and fire retirement plan shall deposit the fire state aid in a special account
190.25 established for that purpose in the municipal treasury. Disbursement from the special
190.26 account ~~shall~~ may not be made for any purpose except:

190.27 (1) payment of the fees, dues and assessments to the Minnesota State Fire
190.28 Department Association and to the state Volunteer Firefighters' Benefit Association in
190.29 order to entitle its firefighters to membership in and the benefits of these state associations;

190.30 (2) payment of the cost of purchasing and maintaining needed equipment for the
190.31 fire department; and

190.32 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and,~~ or maintenance
190.33 of buildings or other premises to house the equipment of the fire department.

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191.1 (b) A qualified municipality which is entitled to receive fire state aid, which has no
191.2 volunteer firefighters' relief association directly associated with its fire department and
191.3 which has full-time firefighters with retirement coverage by the public employees police
191.4 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the
191.5 payment of the employer contribution requirement with respect to firefighters covered by
191.6 the public employees police and fire retirement plan under section 353.65, subdivision 3,
191.7 or for a combination of the two types of disbursements.

191.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

191.9 Sec. 46. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

191.10 Subdivision 1. **Definitions.** For purposes of this section:

191.11 (1) "qualified recipient" means an individual who receives a lump-sum distribution
191.12 of pension or retirement benefits from a volunteer firefighters' relief association for service
191.13 that the individual has performed as a volunteer firefighter;

191.14 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~
191.15 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under
191.16 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children
191.17 of a deceased active or deferred volunteer firefighter;

191.18 (3) "active volunteer firefighter" means a person who regularly renders fire
191.19 suppression service for a municipal fire department or an independent nonprofit firefighting
191.20 corporation, who has met the statutory and other requirements for relief association
191.21 membership, and who ~~has been~~ is deemed by the relief association under law and its
191.22 bylaws to be a fully qualified member of the relief association for at least one month; and

191.23 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who
191.24 terminated active firefighting service, has sufficient service credit from the applicable relief
191.25 association to be entitled to a service pension under the bylaws of the relief association,
191.26 but has not applied for or has not received the service pension.

191.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.

191.28 Sec. 47. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

191.29 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
191.30 firefighters' relief association of a lump-sum distribution to a qualified recipient, the
191.31 association must pay a supplemental benefit to the qualified recipient. Notwithstanding
191.32 any law to the contrary, the relief association must pay the supplemental benefit out of
191.33 its special fund. ~~The amount of~~ This benefit ~~equals~~ is an amount equal to ten percent of

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192.1 the regular lump-sum distribution that is paid on the basis of the recipient's service as
192.2 a volunteer firefighter. In no case may the amount of the supplemental benefit exceed
192.3 \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a
192.4 deceased active or deferred volunteer firefighter in that capacity.

192.5 (b) Upon the payment by a relief association of a lump-sum survivor benefit ~~or~~
192.6 ~~funeral benefit~~ to a survivor of a deceased active volunteer firefighter or of a deceased
192.7 deferred volunteer firefighter, the association may pay a supplemental survivor benefit
192.8 to the survivor of the deceased active or deferred volunteer firefighter from the special
192.9 fund of the relief association if its articles of incorporation or bylaws so provide. The
192.10 amount of the supplemental survivor benefit is 20 percent of the survivor benefit ~~or funeral~~
192.11 ~~benefit~~, but not to exceed \$2,000.

192.12 (c) An individual may receive a supplemental benefit under paragraph (a) or under
192.13 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
192.14 firefighter benefit.

192.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

192.16 Sec. 48. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

192.17 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement
192.18 of the amount of supplemental benefits paid under subdivision 2 during the preceding
192.19 calendar year, the volunteer firefighters' relief association ~~must~~ shall apply to the
192.20 commissioner of revenue by February 15. By March 15, the commissioner shall
192.21 reimburse the relief association for the amount of the supplemental benefits paid by the
192.22 relief association to qualified recipients and to survivors of deceased active or deferred
192.23 volunteer firefighters.

192.24 (b) The commissioner of revenue shall prescribe the form of and supporting
192.25 information that must be supplied as part of the application for state reimbursement.
192.26 The commissioner of revenue shall reimburse the relief association by paying the
192.27 reimbursement amount to the treasurer of the municipality where the association is located.
192.28 Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement
192.29 to the treasurer of the association if the association has filed a financial report with the
192.30 municipality. If the relief association has not filed a financial report with the municipality,
192.31 the municipal treasurer shall delay transmission of the reimbursement payment to the
192.32 association until the complete financial report is filed. If the association has dissolved or
192.33 has been removed as a trustee of state aid, the treasurer shall deposit the money in a
192.34 special account in the municipal treasury, and the money may be disbursed only for the

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193.1 purposes and in the manner provided in section 424A.08. When paid to the association,
193.2 the reimbursement payment must be deposited in the special fund of the relief association.

193.3 (c) A sum sufficient to make the payments is appropriated from the general fund
193.4 to the commissioner of revenue.

193.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

193.6 Sec. 49. Minnesota Statutes 2008, section 424A.10, subdivision 4, is amended to read:

193.7 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided
193.8 by this section is in lieu of the state income tax exclusion for lump-sum distributions of
193.9 retirement benefits paid to volunteer firefighters.

193.10 (b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum
193.11 distributions from state income taxation, the supplemental benefits under this section
193.12 ~~may~~ are no longer be paid payable, beginning with the first calendar year in which the
193.13 exclusion or exemption is effective. This subdivision does not apply to exemption of all or
193.14 part of a lump-sum distribution under section 290.032 or 290.0802.

193.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

193.16 Sec. 50. Minnesota Statutes 2008, section 424A.10, subdivision 5, is amended to read:

193.17 Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental
193.18 survivor ~~or funeral~~ benefit may be paid by a relief association for the death of an active
193.19 volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August
193.20 1, 2005, if the relief association articles of incorporation or bylaws ~~so~~ provide for a
193.21 supplemental survivor benefit and provide for retroactivity.

193.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

193.23 Sec. 51. Minnesota Statutes 2008, section 424B.10, is amended by adding a
193.24 subdivision to read:

193.25 Subd. 1a. **Applicability.** This section applies when all of the volunteer firefighters'
193.26 relief associations involved in the consolidation are defined benefit relief associations as
193.27 defined in section 424A.001, subdivision 1b.

193.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

193.29 Sec. 52. Minnesota Statutes 2008, section 424B.10, is amended by adding a
193.30 subdivision to read:

194.1 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation
194.2 of two or more defined benefit relief associations must be a defined benefit relief
194.3 association.

194.4 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,
194.5 the initial service pension amount of the subsequent defined benefit relief association as
194.6 of the effective date of consolidation is either the service pension amount specified in
194.7 clause (1) or the service pension amounts specified in clause (2), as provided for in the
194.8 consolidated relief association's articles of incorporation or bylaws:

194.9 (1) the highest dollar amount service pension amount of any prior volunteer
194.10 firefighters relief association in effect immediately before the consolidation initiation if the
194.11 pension amount was implemented consistent with section 424A.02; or

194.12 (2) for service rendered by each individual volunteer firefighter before consolidation,
194.13 the service pension amount under the consolidating volunteer firefighters relief association
194.14 that the firefighter belonged to immediately before the consolidation if the pension amount
194.15 was implemented consistent with section 424A.02 and for service rendered after the
194.16 effective date of the consolidation, the highest dollar amount service pension of any of the
194.17 consolidating volunteer firefighters relief associations in effect immediately before the
194.18 consolidation if the pension amount was implemented consistent with section 424A.02.

194.19 (c) Any increase in the service pension amount beyond the amount implemented
194.20 under paragraph (a) must conform with the requirements and limitations of sections
194.21 69.771 to 69.775 and section 424A.02.

194.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

194.23 Sec. 53. Minnesota Statutes 2008, section 424B.10, subdivision 2, is amended to read:

194.24 Subd. 2. **Funding.** (a) Unless the applicable municipalities agree in writing to
194.25 allocate the minimum municipal obligation in a different manner, the minimum municipal
194.26 obligation under section 69.772 or 69.773, whichever applies, must be allocated between
194.27 the applicable municipalities in proportion to their fire state aid.

194.28 (b) If any applicable municipality fails to meet its portion of the minimum municipal
194.29 obligation to the subsequent relief association, all other applicable municipalities are
194.30 jointly obligated to provide the required funding upon certification by the relief association
194.31 secretary. An applicable municipality that pays the minimum municipal obligation
194.32 amount for another applicable municipality, the municipality may collect ~~the~~ that payment
194.33 amount, plus a 25 percent surcharge, from the responsible applicable municipality by any
194.34 available means, including a deduction from any state aid or payment amount payable

195.1 to the responsible municipality upon certification of the necessary information to the
195.2 commissioner of finance.

195.3 **EFFECTIVE DATE.** This section is effective July 1, 2009.

195.4 Sec. 54. **[424B.11] CONSOLIDATING DEFINED CONTRIBUTION RELIEF**
195.5 **ASSOCIATIONS; INDIVIDUAL ACCOUNTS; FUNDING.**

195.6 Subdivision 1. **Applicability.** This section applies when all of the volunteer
195.7 firefighters' relief associations involved in the consolidation are defined contribution relief
195.8 associations as defined in section 424A.001, subdivision 1c.

195.9 Subd. 2. **Individual accounts.** The successor relief association following the
195.10 consolidation of two or more defined contribution relief associations must be a defined
195.11 contribution relief association and the successor relief association board shall establish
195.12 individual accounts for every active member, inactive member, deferred member, or
195.13 retired member receiving installment payments with that status as of the consolidation
195.14 date. To each individual account the successor relief association must credit the amount to
195.15 the credit of each person by a predecessor relief association as of the date of consolidation
195.16 plus a proportional share, based on account value, of any subsequent net revenue during
195.17 the consolidation process.

195.18 Subd. 3. **Funding.** Unless the articles of incorporation or bylaws of the successor
195.19 relief association specify that municipal contributions are wholly voluntary or unless the
195.20 municipalities associated with the consolidating defined contribution relief associations
195.21 agree in writing to a different municipal support arrangement, each municipality must
195.22 continue to provide the same amount of municipal support to the successor relief
195.23 association as the municipality provided to the applicable predecessor relief association in
195.24 the calendar year immediately prior to the calendar year in which the consolidation occurs.

195.25 **EFFECTIVE DATE.** This section is effective July 1, 2009.

195.26 Sec. 55. **[424B.12] MIXED CONSOLIDATING RELIEF ASSOCIATIONS;**
195.27 **BENEFIT PLAN; FUNDING.**

195.28 Subdivision 1. **Applicability.** This section applies where one or more of the
195.29 volunteer firefighters' relief associations involved in the consolidation are defined benefit
195.30 relief associations as defined in section 424A.001, subdivision 1b, and one or more of
195.31 the volunteer firefighters' relief associations involved in the consolidation are defined
195.32 contribution relief associations as defined in section 424A.001, subdivision 1c.

196.1 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor
196.2 relief association must specify whether the relief association is a defined benefit relief
196.3 association or whether the relief association is a defined contribution relief association. If
196.4 the successor relief association is a defined benefit relief association, the relief association
196.5 benefits must comply with sections 424A.02 and 424B.11, subdivision 1a. If the successor
196.6 relief association is a defined contribution relief association, the relief association must
196.7 comply with sections 424A.016 and 424B.12, subdivision 2.

196.8 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief
196.9 association, the relief association funding is governed by section 424B.11, subdivision 2.
196.10 If the successor relief association is a defined contribution relief association, the relief
196.11 association funding is governed by section 424B.12, subdivision 3.

196.12 **EFFECTIVE DATE.** This section is effective July 1, 2009.

196.13 Sec. 56. Minnesota Statutes 2008, section 424B.21, is amended to read:

196.14 **424B.21 ANNUITY PURCHASES UPON DISSOLUTION.**

196.15 The board of trustees of a volunteer firefighters relief association that is scheduled
196.16 for dissolution may purchase annuity contracts under section ~~424A.02~~ 424A.015,
196.17 subdivision ~~8a~~ 3, instead of transferring special fund assets to a municipal trust fund
196.18 under section 424B.20, subdivision 4. Payment of an annuity for which a contract is
196.19 purchased may not commence before the retirement age specified in the relief association
196.20 bylaws and in compliance with section 424A.016, subdivision 2, or 424A.02, subdivision
196.21 1. Legal title to the annuity contract transfers to the municipal trust fund under section
196.22 424B.20, subdivision 4.

196.23 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also
196.24 enacted.

196.25 Sec. 57. **BRIMSON FIREFIGHTERS RELIEF ASSOCIATION; BOARD OF**
196.26 **TRUSTEES MEMBERSHIP.**

196.27 Notwithstanding any provisions of Minnesota Statutes, section 424A.04, or other
196.28 law to the contrary, the Brimson Firefighters Relief Association must be managed by a
196.29 board of trustees consisting of ten members, with six trustees elected from the membership
196.30 of the relief association, one trustee drawn from the officials of each municipality served
196.31 by the fire department to which the relief association is directly associated, and one trustee
196.32 who is the fire chief serving with the independent nonprofit firefighting corporation.

197.1 **EFFECTIVE DATE.** This section is effective the day after the governing body
197.2 of the Fairbanks Township and its chief clerical officer timely comply with Minnesota
197.3 Statutes, section 645.021, subdivisions 2 and 3.

197.4 Sec. 58. **REPEALER.**

197.5 Subdivision 1. **Repealed for recodification.** Minnesota Statutes 2008, sections
197.6 424A.001, subdivision 7; 424A.02, subdivisions 4, 6, 8a, and 8b; and 424B.10, subdivision
197.7 1, are repealed.

197.8 Subd. 2. **Repealed as obsolete.** Minnesota Statutes 2008, section 424A.09, is
197.9 repealed.

197.10 Subd. 3. **Substantive repeal.** Minnesota Statutes 2008, section 424A.02,
197.11 subdivision 9b, is repealed.

197.12 **ARTICLE 12**

197.13 **CORRECTION OF PRIOR DRAFTING ERRORS**

197.14 Section 1. Minnesota Statutes 2008, section 354.66, subdivision 6, is amended to read:

197.15 Subd. 6. **Insurance.** A board of an employing district entering into an agreement
197.16 authorized by this section shall take all steps necessary to assure continuance of any
197.17 insurance programs furnished or authorized a full-time teacher on an identical basis and
197.18 with identical sharing of costs for a part-time teacher pursuant to this section, provided,
197.19 however, that the requirements of this sentence may be modified by a collective bargaining
197.20 agreement between a board and an exclusive representative pursuant to chapter ~~179~~ 179A.
197.21 Teachers as defined in section 136F.43 employed on a less than 75 percent time basis
197.22 pursuant to this section shall be eligible for state paid insurance benefits as if the teachers
197.23 were employed full time.

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

197.25 Sec. 2. Minnesota Statutes 2008, section 356.32, subdivision 2, is amended to read:

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

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

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

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

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

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

198.5 (6) the Teachers Retirement Association, established under chapter 354;

198.6 (7) the Minneapolis Employees Retirement Fund, established under chapter 422A;

198.7 (8) the Duluth Teachers Retirement Fund Association, established under chapter
198.8 354A; and

198.9 ~~(9) the Minneapolis Teachers Retirement Fund Association, established under~~
198.10 ~~chapter 354A; and~~

198.11 ~~(10)~~ (9) the St. Paul Teachers Retirement Fund Association, established under
198.12 chapter 354A.

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

198.14 Sec. 3. Minnesota Statutes 2008, section 422A.06, subdivision 8, is amended to read:

198.15 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund consists of
198.16 amounts held for payment of retirement allowances for members retired under this chapter,
198.17 including any transfer amount payable under subdivision 3, paragraph (c).

198.18 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required
198.19 reserves for retirement allowances under this chapter determined in accordance with the
198.20 appropriate mortality table adopted by the board of trustees based on the experience of the
198.21 fund as recommended by the actuary retained under section 356.214 must be transferred
198.22 from the deposit accumulation fund to the retirement benefit fund as of the last business
198.23 day of the month in which the retirement allowance begins. The income from investments
198.24 of these assets must be allocated to this fund and any interest charge under subdivision
198.25 3, paragraph (c), must be credited to the fund. There must be paid from this fund the
198.26 retirement annuities authorized by law. A required reserve calculation for the retirement
198.27 benefit fund must be made by the actuary retained under section 356.214 and must be
198.28 certified to the retirement board by the actuary retained under section 356.214.

198.29 (c) There is established a deferred yield adjustment account which must be increased
198.30 by the sale or disposition of any debt securities at less than book value and must be
198.31 decreased by the sale or disposition of debt securities at more than book value. At the
198.32 end of each fiscal year, a portion of the balance of this account must be offset against the
198.33 investment income for that year. The annual portion of the balance to be offset must be
198.34 proportional to the reciprocal of the average remaining life of the bonds sold, unless the
198.35 amounts are offset by gains on the future sales of these securities. The amount of this

199.1 account must be included in the recognized value of assets other than corporate stocks
199.2 and all other equity investments. In any fiscal year in which the gains on the sales of debt
199.3 securities exceed the discounts realized on the sales of such securities, the excess must
199.4 be used to reduce the balance of the account. If the realized capital gains are sufficient
199.5 to reduce the balance of the account to zero, any excess gains must be available for the
199.6 calculation of postretirement adjustments.

199.7 (d)(1) Annually, following June 30, the board shall use the procedures in clauses (2),
199.8 (3), and (4), to determine whether a postretirement adjustment is payable and to determine
199.9 the amount of any postretirement adjustment.

199.10 (2) If the Consumer Price Index for urban wage earners and clerical workers all
199.11 items index published by the Bureau of Labor Statistics of the United States Department
199.12 of Labor increases from June 30 of the preceding year to June 30 of the current year, the
199.13 board shall certify the percentage increase. The amount certified must not exceed ~~the~~
199.14 ~~lesser of the difference between the preretirement interest assumption and postretirement~~
199.15 ~~interest assumption in section 356.215, subdivision 8, paragraph (a), or 3.5 percent.~~

199.16 (3) In addition to any percentage increase certified under paragraph (b), the board
199.17 shall use the following procedures to determine if a postretirement adjustment is payable
199.18 under this paragraph:

199.19 (i) the board shall determine the market value of the fund on June 30 of that year;

199.20 (ii) the amount of reserves required as of the current June 30 for the annuity or
199.21 benefit payable to an annuitant and benefit recipient must be determined by the actuary
199.22 retained under section 356.214. An annuitant or benefit recipient who has been receiving
199.23 an annuity or benefit for at least 12 full months as of the current June 30 is eligible to
199.24 receive a full postretirement adjustment. An annuitant or benefit recipient who has been
199.25 receiving an annuity or benefit for at least one full month, but less than 12 full months as of
199.26 the current June 30, is eligible to receive a partial postretirement adjustment. The amount
199.27 of the reserves for those annuitants and benefit recipients who are eligible to receive a
199.28 full postretirement benefit adjustment is known as "eligible reserves." The amount of
199.29 the reserves for those annuitants and benefit recipients who are not eligible to receive a
199.30 postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit
199.31 recipient who is eligible to receive a partial postretirement adjustment, additional "eligible
199.32 reserves" is an amount that bears the same ratio to the total reserves required for the
199.33 annuitant or benefit recipient as the number of full months of annuity or benefit receipt as
199.34 of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit
199.35 recipient's reserves are "noneligible reserves";

200.1 (iii) the board shall determine the percentage increase certified under clause (2)
200.2 multiplied by the eligible required reserves, as adjusted for mortality gains and losses,
200.3 determined under item (ii);

200.4 (iv) the board shall add the amount of reserves required for the annuities or benefits
200.5 payable to annuitants and benefit recipients of the participating public pension plans or
200.6 funds as of the current June 30 to the amount determined under item (iii);

200.7 (v) the board shall subtract the amount determined under item (iv) from the market
200.8 value of the fund determined under item (i);

200.9 (vi) the board shall adjust the amount determined under item (v) by the cumulative
200.10 current balance determined under item (viii) and any negative balance carried forward
200.11 under item (ix);

200.12 (vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess
200.13 market value. A negative amount is the negative balance;

200.14 (viii) the board shall allocate one-fifth of the excess market value or one-fifth of the
200.15 negative balance to each of five consecutive years, beginning with the fiscal year ending
200.16 the current June 30; and

200.17 (ix) to calculate the postretirement adjustment under this paragraph based on
200.18 investment performance for a fiscal year, the board shall add together all excess market
200.19 value allocated to that year and subtract from the sum all negative balances allocated to
200.20 that year. If this calculation results in a negative number, the entire negative balance must
200.21 be carried forward and allocated to the next year. If the resulting amount is positive, a
200.22 postretirement adjustment is payable under this paragraph. The board shall express a
200.23 positive amount as a percentage of the total eligible required reserves certified to the
200.24 board under item (ii).

200.25 (4) The board shall determine the amount of any postretirement adjustment which
200.26 is payable using the following procedure:

200.27 (i) the total "eligible" required reserves as of the first of January next following the
200.28 end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or
200.29 partial postretirement adjustment as determined by item (ii) must be certified to the board
200.30 by the actuary retained under section 356.214. The total "eligible" required reserves
200.31 must be determined by the actuary retained under section 356.214 on the assumption that
200.32 all annuitants and benefit recipients eligible to receive a full or partial postretirement
200.33 adjustment will be alive on the January 1 in question; and

200.34 (ii) the board shall add the percentage certified under clause (2) to any positive
200.35 percentage calculated under clause (3). The board shall not subtract from the percentage
200.36 certified under paragraph (b) any negative amount calculated under clause (3). The sum

201.1 of these percentages must be carried to five decimal places and must be certified as the
201.2 full postretirement adjustment percentage.

201.3 (e) The board shall determine the amount of the postretirement adjustment payable
201.4 to each eligible annuitant and benefit recipient. The dollar amount of the postretirement
201.5 adjustment must be calculated by applying the certified postretirement adjustment
201.6 percentage to the amount of the monthly annuity or benefit payable to each eligible
201.7 annuitant or benefit recipient eligible for a full adjustment.

201.8 The dollar amount of the partial postretirement adjustment payable to each annuitant
201.9 or benefit recipient eligible for a partial adjustment must be calculated by first determining
201.10 a partial percentage amount that bears the same ratio to the certified full adjustment
201.11 percentage amount as the number of full months of annuity or benefit receipt as of the
201.12 current June 30 bears to 12 full months. The partial percentage amount determined
201.13 must then be applied to the amount of the monthly annuity or benefit payable to each
201.14 annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The
201.15 postretirement adjustments are payable on January 1 following the calculations required
201.16 under this section and must thereafter be included in the monthly annuity or benefit paid to
201.17 the recipient. Any adjustments under this section must be paid automatically unless the
201.18 intended recipient files a written notice with the applicable participating public pension
201.19 fund or plan requesting that the adjustment not be paid.

201.20 (f) As of June 30 annually, the actuary retained under section 356.214 shall calculate
201.21 the amount of required reserves representing any mortality gains and any mortality losses
201.22 incurred during the fiscal year and report the results of those calculations to the plan.
201.23 The actuary shall report separately the amount of the reserves for annuitants and benefit
201.24 recipients who are eligible for a postretirement benefit adjustment and the amount of
201.25 reserves for annuitants and benefit recipients who are not eligible for a postretirement
201.26 benefit adjustment. If the net amount of required reserves represents a mortality gain,
201.27 the board shall sell sufficient securities or transfer sufficient available cash to equal the
201.28 amount. If the amount of required reserves represents a mortality loss, the plan shall
201.29 transfer an amount equal to the amount of the net mortality loss. The amount of the
201.30 transfers must be determined before any postretirement benefit adjustments have been
201.31 made. All transfers resulting from mortality adjustments must be completed annually
201.32 by December 31 for the preceding June 30. Interest is payable on any transfers after
201.33 December 31 based upon the preretirement interest assumption for the participating plan
201.34 or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book
201.35 values of the assets of the fund must be determined only after all adjustments for mortality
201.36 gains and losses for the fiscal year have been made.

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202.1 (g) All money necessary to meet the requirements of the certification of withdrawals
202.2 and all money necessary to pay postretirement adjustments under this section are hereby
202.3 and from time to time appropriated from the postretirement investment fund to the board.

202.4 (h) Annually, following the calculation of any postretirement adjustment payable
202.5 from the retirement benefit fund, the board of trustees shall submit a report to the
202.6 executive director of the Legislative Commission on Pensions and Retirement and to the
202.7 commissioner of finance indicating the amount of any postretirement adjustment and
202.8 the underlying calculations on which that postretirement adjustment amount is based,
202.9 including the amount of dividends, the amount of interest, and the amount of net realized
202.10 capital gains or losses utilized in the calculations.

202.11 (i) With respect to a former contributing member who began receiving a retirement
202.12 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June
202.13 30, 1997, or with respect to a survivor of a former contributing member who began
202.14 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June
202.15 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living
202.16 adjustment payable to those annuity or benefit recipients annually must be transferred back
202.17 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.
202.18 The calculation of this annual reduced cost-of-living adjustment reserve transfer must be
202.19 reviewed by the actuary retained under section 356.214.

202.20 **EFFECTIVE DATE.** This section is effective retroactively from June 30, 2008.

202.21 Sec. 4. Minnesota Statutes 2008, section 422A.08, subdivision 5, is amended to read:

202.22 Subd. 5. **Service credit purchase.** Any contributor who prior to entering the service
202.23 of the city was an employee of a public corporation, is authorized, using the procedure in
202.24 ~~subdivision 5a~~ section 356.551, to purchase allowable service credit in the retirement fund
202.25 for employment by the public corporation in the same manner as though the service had
202.26 been rendered to the city, providing that the individual has not received service credit and
202.27 is not eligible to receive service credit for this period under any other plan or fund listed
202.28 in section 356.30, subdivision 3. Before receiving credit for service rendered to a public
202.29 corporation as herein set forth, the contributing employee shall make application therefor
202.30 in writing to the retirement board, and shall contribute to the retirement fund the amount
202.31 specified in ~~subdivision 5a~~ section 356.551.

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

202.33 Sec. 5. Laws 1989, chapter 319, article 11, section 13, is amended to read:

203.1 Sec. 13. **REPEALER.**

203.2 Laws 1967, chapter 815; Laws 1978, chapter 683; and Laws 1981, chapter 224,
203.3 ~~sections 2 and 5~~ section 245, are repealed.

203.4 **EFFECTIVE DATE.** This section is effective the day following final enactment
203.5 and applies retroactively from June 2, 1989.

203.6 Sec. 6. Laws 2008, chapter 349, article 14, section 13, is amended to read:

203.7 Sec. 13. **REPEALER OF PRIOR INCONSISTENT SPECIAL VOLUNTEER**
203.8 **FIRE RELIEF ASSOCIATION ANCILLARY BENEFIT LEGISLATION.**

203.9 Subdivision 1. **Anoka.** Laws 1969, chapter ~~352~~ 252, section 1, subdivisions 3,
203.10 4, 5, and 6, are repealed.

203.11 Subd. 2. **Butterfield.** Laws 1975, chapter 185, section 1, is repealed.

203.12 Subd. 3. **Coon Rapids.** Laws 1973, chapter 304, section 1, subdivisions 3, 4, 5, 6,
203.13 7, 8, and 9, are repealed.

203.14 Subd. 4. **Edina.** (1) Laws 1965, chapter 592, section 3, as ~~amended~~ added by Laws
203.15 1969, chapter 644, section 2, and amended by Laws 1975, chapter 229, section 2; (2) Laws
203.16 1965, chapter 592, section 4, as ~~amended~~ added by Laws 1969, chapter 644, section 2, and
203.17 amended by Laws 1975, chapter 229, section 3, Laws 1985, chapter 261, section 37, and
203.18 Laws 1991, chapter 125, section 1; (3) Laws 1985, chapter 261, section 37, as amended by
203.19 Laws 1991, chapter 125, section 1; and (4) Laws 1991, chapter 125, section 1, are repealed.

203.20 Subd. 5. **Fairmont.** Laws 1967, chapter 575, sections 2, as amended by Laws 1979,
203.21 chapter 201, section 23; 3; and 4, are repealed.

203.22 Subd. 6. **Falcon Heights.** Laws 1969, chapter 526, sections 3; 4; 5, as amended
203.23 by Laws 1974, chapter 208, section 2; and 7, as amended by Laws 1974, chapter 208,
203.24 section 3, are repealed.

203.25 Subd. 7. **Golden Valley.** Laws 1971, chapter 140, sections 2, as amended by Laws
203.26 1973, chapter 30, section 2; 3, as amended by Laws 1973, chapter 30, section 3; 4, as
203.27 amended by Laws 1973, chapter 30, section 4; and 5, as amended by Laws 1973, chapter
203.28 30, section 5; and Laws 1993, chapter 244, article 4, section 1, are repealed.

203.29 Subd. 8. **Wayzata.** Laws 1973, chapter 472, section 1, as amended by Laws 1976,
203.30 chapter 272, section 1, and Laws 1979, chapter 201, section 33, is repealed.

203.31 Subd. 9. **White Bear Lake.** Laws 1971, chapter 214, ~~section 1, subdivisions~~
203.32 sections 1, 2, 3, 4, and 5, are repealed.

203.33 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) Subdivision 1 is effective the day
203.34 after the governing body of Anoka and its chief clerical officer timely complete their

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204.1 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June
204.2 30, 2009.

204.3 (b) Subdivision 2 is effective the day after the governing body of Butterfield and its
204.4 chief clerical officer timely complete their compliance with Minnesota Statutes, section
204.5 645.021, subdivisions 2 and 3, after June 30, 2009.

204.6 (c) Subdivision 3 is effective the day after the governing body of Coon Rapids and
204.7 its chief clerical officer timely complete their compliance with Minnesota Statutes, section
204.8 645.021, subdivisions 2 and 3, after June 30, 2009.

204.9 (d) Subdivision 4 is effective the day after the governing body of Edina and its
204.10 chief clerical officer timely complete their compliance with Minnesota Statutes, section
204.11 645.021, subdivisions 2 and 3, after June 30, 2009.

204.12 (e) Subdivision 5 is effective the day after the governing body of Fairmont and its
204.13 chief clerical officer timely complete their compliance with Minnesota Statutes, section
204.14 645.021, subdivisions 2 and 3, after June 30, 2009.

204.15 (f) Subdivision 6 is effective the day after the governing body of Falcon Heights
204.16 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
204.17 section 645.021, subdivisions 2 and 3, after June 30, 2009.

204.18 (g) Subdivision 7 is effective the day after the governing body of Golden Valley and
204.19 its chief clerical officer timely complete their compliance with Minnesota Statutes, section
204.20 645.021, subdivisions 2 and 3, after June 30, 2009.

204.21 (h) Subdivision 8 is effective the day after the governing body of Wayzata and its
204.22 chief clerical officer timely complete their compliance with Minnesota Statutes, section
204.23 645.021, subdivisions 2 and 3, after June 30, 2009.

204.24 (i) Subdivision 9 is effective the day after the governing body of White Bear Lake
204.25 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
204.26 section 645.021, subdivisions 2 and 3, after June 30, 2009.

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

204.28 Sec. 7. **REPEALER.**

204.29 Minnesota Statutes 2008, sections 356.2165; and 422A.08, subdivision 5a, are
204.30 repealed.

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

ARTICLE 13

ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS

205.1
205.2

205.3 Section 1. Minnesota Statutes 2008, section 352.86, subdivision 1, is amended to read:

205.4 Subdivision 1. ~~Eligibility; retirement annuity. A person who is employed by~~
205.5 This section applies to any employee of the Department of Transportation in the civil
205.6 service employment classification of aircraft pilot or chief pilot, who is covered for
205.7 that employment by the general employee retirement plan of the system under section
205.8 352.01, subdivision 23, and who elects this elected before June 1, 2008, special retirement
205.9 coverage under ~~subdivision 3, who is prohibited from performing the duties of aircraft~~
205.10 ~~pilot or chief pilot after reaching age 65 by a policy adopted by the commissioner of~~
205.11 ~~transportation, and~~ this section by an irrevocable election on forms provided by the
205.12 executive director.

205.13 Subd. 2. **Retirement annuity.** An eligible person under subdivision 1 who
205.14 terminates employment as a state employee on or after age 62 but prior to normal
205.15 retirement age is entitled, upon application, to a retirement annuity computed under
205.16 section 352.115, subdivisions 2 and 3, without any reduction for early retirement under
205.17 section 352.116, subdivision 1.

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

205.19 Sec. 2. Minnesota Statutes 2008, section 352.86, subdivision 1a, is amended to read:

205.20 Subd. ~~1a~~ 3. **Disability benefits.** An employee described in subdivision 1, ~~who is~~
205.21 ~~less than 62 years of age and~~ who becomes disabled and physically or mentally unfit
205.22 to perform occupational duties due to injury, sickness, or other disability, and who is
205.23 found disqualified for retention as chief pilot or pilot as a result of a physical examination
205.24 required by applicable federal laws or regulations, ~~is entitled upon application to disability~~
205.25 ~~benefits for a maximum of five years in the amount of~~ may submit an application for
205.26 disability benefits calculated under section 352.113, subdivision 3. In considering the
205.27 disability benefit application, the executive director must use the disability standard
205.28 specified in this subdivision rather than the total and permanent standard specified in
205.29 section 352.113, subdivision 1. If disability benefits commence under section 352.113,
205.30 subdivision 3, the appointing authority shall also provide payments from the state airports
205.31 fund, totaling 75 percent of current monthly salary, to be paid by the appointing authority
205.32 less the amount payable under section 352.113, subdivision 3. Payments from the state
205.33 airports fund must be made for five years or until normal retirement age, whichever is
205.34 earlier. Disability benefits must not continue after the employee reaches age 62. These

206.1 benefits are in lieu of all other state benefits for the disability, including, but not limited to,
206.2 workers' compensation benefits.

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

206.4 Sec. 3. Minnesota Statutes 2008, section 352.86, subdivision 2, is amended to read:

206.5 Subd. ~~2~~ **4. Additional contributions.** ~~The special retirement annuity authorized~~
206.6 ~~by subdivision 1 shall be financed by~~ An employee covered by this section must pay an
206.7 additional employee contribution from the covered aircraft pilot or chief pilot of 1.6
206.8 percent ~~and an employer contribution from~~ of salary. The Department of Transportation
206.9 must pay an additional employer contribution of of 1.6 percent of salary. These
206.10 contributions are in addition to the contributions required by section 352.04, subdivisions
206.11 2 and 3. They must be made in the manner provided for in section 352.04, subdivisions 4,
206.12 5, and 6.

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

206.14 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2, is amended to read:

206.15 Subd. 2. **Public employee.** "Public employee" means a governmental employee
206.16 performing personal services for a governmental subdivision defined in subdivision 6,
206.17 whose salary is paid, in whole or in part, from revenue derived from taxation, fees,
206.18 assessments, or from other sources. The term includes the classes of persons described or
206.19 listed in subdivision 2a. The term also includes persons who elect association membership
206.20 under subdivision 2d, paragraph (a), and persons for whom the applicable governmental
206.21 subdivision had elected association membership under subdivision 2d, paragraph (b). ~~The~~
206.22 ~~term also includes full-time employees of the Dakota County Agricultural Society.~~ The
206.23 term excludes the classes of persons listed in subdivision 2b for purposes of membership
206.24 in the association.

206.25 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
206.26 period commencing after final enactment.

206.27 Sec. 5. Minnesota Statutes 2008, section 353.01, subdivision 2a, is amended to read:

206.28 Subd. 2a. **Included employees.** (a) Public employees whose salary from
206.29 employment in one or more positions within one governmental subdivision exceeds \$425
206.30 in any month shall participate as members of the association. If the salary is less than
206.31 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
206.32 employees shall participate as members of the association with retirement coverage by

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207.1 the public employees retirement plan or the public employees police and fire retirement
207.2 plan under this chapter, or the local government correctional employees retirement plan
207.3 under chapter 353E, whichever applies, as a condition of their employment on the first
207.4 day of employment unless they:

207.5 (1) are specifically excluded under subdivision 2b;

207.6 (2) do not exercise their option to elect retirement coverage in the association as
207.7 provided in subdivision 2d, paragraph (a); or

207.8 (3) are employees of the governmental subdivisions listed in subdivision 2d,
207.9 paragraph (b), where the governmental subdivision has not elected to participate as a
207.10 governmental subdivision covered by the association.

207.11 (b) A public employee who was a member of the association on June 30, 2002,
207.12 based on employment that qualified for membership coverage by the public employees
207.13 retirement plan or the public employees police and fire plan under this chapter, or the
207.14 local government correctional employees retirement plan under chapter 353E as of June
207.15 30, 2002, retains that membership for the duration of the person's employment in that
207.16 position or incumbency in elected office. Except as provided in subdivision 28, the person
207.17 shall participate as a member until the employee or elected official terminates public
207.18 employment under subdivision 11a or terminates membership under subdivision 11b.

207.19 (c) Public employees under paragraph (a) include:

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

207.22 (2) full-time employees of the Dakota County Agricultural Society; and

207.23 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
207.24 Police Relief Association who are not excluded employees under subdivision 2b due to
207.25 coverage by the relief association pension plan and who elect Public Employee Retirement
207.26 Association general plan coverage under section 5.

207.27 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
207.28 period commencing after final enactment.

207.29 Sec. 6. Minnesota Statutes 2008, section 353.01, subdivision 6, is amended to read:

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

208.1 (b) Governmental subdivision also means the Public Employees Retirement
208.2 Association, the League of Minnesota Cities, the Association of Metropolitan
208.3 Municipalities, charter schools formed under section 124D.10, service cooperatives
208.4 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
208.5 boards organized under section 471.59, subdivision 11, paragraph (a), family service
208.6 collaboratives and children's mental health collaboratives organized under section 471.59,
208.7 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
208.8 are governmental units that otherwise qualify for retirement plan membership, public
208.9 hospitals owned or operated by, or an integral part of, a governmental subdivision or
208.10 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
208.11 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
208.12 Airports Commission, the University of Minnesota with respect to police officers covered
208.13 by the public employees police and fire retirement plan, the Minneapolis Employees
208.14 Retirement Fund for employment initially commenced after June 30, 1979, the Range
208.15 Association of Municipalities and Schools, soil and water conservation districts, economic
208.16 development authorities created or operating under sections 469.090 to 469.108, the Port
208.17 Authority of the city of St. Paul, the Spring Lake Park Fire Department, incorporated,
208.18 the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental
208.19 Learning Center, the Dakota County Agricultural Society, ~~and~~ Hennepin Healthcare
208.20 System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police
208.21 Relief Association with respect to staff covered by the Public Employees Retirement
208.22 Association general plan.

208.23 (c) Governmental subdivision does not mean any municipal housing and
208.24 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
208.25 or any port authority organized under sections 469.048 to 469.089 other than the Port
208.26 Authority of the city of St. Paul; or any hospital district organized or reorganized prior
208.27 to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the
208.28 board of a family service collaborative or children's mental health collaborative organized
208.29 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
208.30 by representatives of governmental units.

208.31 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
208.32 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
208.33 governmental subdivision unless the entity has obtained a written advisory opinion from
208.34 the United States Department of Labor or a ruling from the Internal Revenue Service
208.35 declaring the entity to be an instrumentality of the state so as to provide that any future

209.1 contributions by the entity on behalf of its employees are contributions to a governmental
209.2 plan within the meaning of Internal Revenue Code, section 414(d).

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

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

209.9 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
209.10 period commencing after final enactment.

209.11 Sec. 7. **PRIOR PENSION PLAN TERMINATION.**

209.12 As of the effective date of this section, contributions to the defined contribution or
209.13 defined benefit pension plan or plans which previously provided primary pension coverage
209.14 for any individual who elects coverage by the general employees retirement plan of the
209.15 Public Employee Retirement Association under section 5 must terminate and must not be
209.16 resumed.

209.17 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
209.18 period commencing after final enactment.

209.19 Sec. 8. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE**
209.20 **CREDIT PURCHASE AUTHORIZATION.**

209.21 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the
209.22 contrary, unless the period to be purchased is credited as allowable service by another
209.23 retirement plan covered by Minnesota Statutes, section 356.30, or would be ineligible
209.24 for credit as allowable service under Minnesota Statutes, section 353.01, subdivision
209.25 16, if the service had been performed after the effective date of this section, an eligible
209.26 person described in paragraph (b) may purchase allowable service credit under Minnesota
209.27 Statutes, section 353.01, subdivision 16, from the general employees retirement plan of
209.28 the Public Employees Retirement Association for the period specified in paragraph (c), by
209.29 making the payment required under paragraph (d).

209.30 (b) An eligible person is a person who began employment as staff to the Minneapolis
209.31 Firefighters Relief Association or the Minneapolis Police Relief Association prior to
209.32 the effective date of this section, and due to that employment became a member of the

210.1 general employees retirement plan of the Public Employees Retirement Association on
210.2 the effective date of this section.

210.3 (c) The period of prior service credit available for purchase is the period of
210.4 employment with the Minneapolis Firefighters Relief Association or the Minneapolis
210.5 Police Relief Association, whichever is applicable, which would be includable service
210.6 under the Public Employees Retirement Association general plan if that service had been
210.7 performed after the effective date rather than before.

210.8 (d) Except as otherwise stated under this section, Minnesota Statutes, section
210.9 356.551, applies to this purchase.

210.10 (e) An eligible person may purchase allowable service credit for a portion of the
210.11 eligible period, resulting in prorated service credit.

210.12 (f) The election to purchase prior service credit under this section must be made in
210.13 writing and must be filed with the executive director of the Public Employees Retirement
210.14 Association.

210.15 (g) This section expires one year after the effective date of this section.

210.16 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
210.17 period commencing after final enactment.

210.18 **Sec. 9. ELECTION OF COVERAGE.**

210.19 (a) An individual who is an employee of the Minneapolis Firefighters Relief
210.20 Association or the Minneapolis Police Relief Association on the effective date of this
210.21 section, and who is not excluded under section 353.01, subdivision 2b, due to coverage
210.22 by the relief association pension plan, may elect prospective coverage by the general
210.23 employees retirement plan of the Public Employees Retirement Association under an
210.24 election as specified in this section.

210.25 (b) An eligible individual under paragraph (a) may elect coverage by the general
210.26 employees retirement plan of the Public Employees Retirement Association by making an
210.27 election on a form provided by the Public Employees Retirement Association executive
210.28 director. For an election to be valid, it must be made within 90 days of the effective date
210.29 of this section and is irrevocable.

210.30 (c) The Public Employees Retirement Association must provide eligible individuals
210.31 with information and counseling regarding the general employees retirement plan of the
210.32 Public Employees Retirement Association and the implications of electing that coverage.

210.33 (d) If an eligible individual elects not to be covered by the general employees
210.34 retirement plan of the Public Employees Retirement Association, or if no election is made,
210.35 the prior coverage, if any, remains unchanged.

211.1 EFFECTIVE DATE. This section is effective the first day of the first full payroll
211.2 period commencing after final enactment.

211.3 Sec. 10. PERA-GENERAL; PURCHASE OF CREDIT FOR OMITTED
211.4 CONTRIBUTION PERIOD.

211.5 (a) An eligible person described in paragraph (b) is entitled, upon written application
211.6 filed with the executive director of the Public Employees Retirement Association, to
211.7 purchase service credit for the period of omitted contributions specified in paragraph (c)
211.8 by paying the amount determined under paragraph (d). The employer of the eligible
211.9 person shall pay the amount determined under paragraph (e) within 30 days of being
211.10 notified by the Public Employees Retirement Association executive director that the
211.11 eligible person made the person's payment.

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

211.13 (1) was born on December 16, 1946;

211.14 (2) was first employed by the city of Elizabeth, Minnesota, municipal liquor store on
211.15 July 23, 2004;

211.16 (3) was first eligible for coverage by the general employees retirement plan of the
211.17 Public Employees Retirement Association in September 2004;

211.18 (4) was not reported as a general employees retirement plan member by the city of
211.19 Elizabeth, Minnesota, to the Public Employees Retirement Association until January
211.20 2005; and

211.21 (5) did not receive service credit under Minnesota Statutes, section 353.27,
211.22 subdivision 12, paragraph (e), in a timely fashion.

211.23 (c) The period of purchasable service credit is that portion of the period September
211.24 1, 2004, until January 1, 2005, during which the eligible person was an included employee
211.25 under Minnesota Statutes, section 353.01, subdivision 2a, and during which the required
211.26 deductions from the compensation of the eligible employee were not made under
211.27 Minnesota Statutes, section 353.27, subdivision 2.

211.28 (d) The member purchase amount is the amount of the omitted member contributions
211.29 during the period of purchasable service credit, plus compound annual interest at the rate
211.30 of 8.5 percent from October 15, 2004, to the date on which payment is made.

211.31 (e) The employer purchase amount is either the balance of the full actuarial value
211.32 purchase payment amount determined under Minnesota Statutes, section 356.551,
211.33 remaining after subtracting the amount under paragraph (d) or the amount of the employer
211.34 and employer additional contributions under Minnesota Statutes, section 353.27,
211.35 subdivisions 3 and 3a, plus compound annual interest at the rate of 8.5 percent from

212.1 October 15, 2004, to the date on which payment is made, whichever is larger. If the
212.2 employer fails to pay the employer purchase amount in a timely fashion, the executive
212.3 director of the Public Employees Retirement Association shall certify the unpaid
212.4 amount, plus monthly compound interest at the rate of 0.71 percent for the period, to the
212.5 commissioners of finance and revenue, who shall deduct the unpaid amount from any state
212.6 aid or state transfers that the employing unit is eligible to receive and shall transmit the
212.7 amount to the Public Employees Retirement Association.

212.8 (f) Purchase authority under this section expires on July 1, 2010.

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

212.10 Sec. 11. **PERA-GENERAL AND TRA; ANNUITY APPLICATION**
212.11 **REVOCAATION.**

212.12 (a) An eligible person specified in paragraph (b) may elect to revoke retirement
212.13 annuity applications as provided in paragraph (c). The election must be made in writing
212.14 and must be filed with the executive director of the applicable retirement plan.

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

212.16 (1) was born in 1943;

212.17 (2) was employed as publications editor for St. Cloud State University for twenty
212.18 years, ending in 1998, and was covered by virtue of that employment by the general state
212.19 employees retirement plan of the Minnesota State Retirement System;

212.20 (3) retired from the general state employees retirement plan of the Minnesota State
212.21 Retirement System in 2007;

212.22 (4) was employed by the Underwood, Minnesota, municipal liquor store in early
212.23 2008, terminated that employment on April 18, 2008, applied for a retirement annuity from
212.24 the general employee retirement plan of the Public Employees Retirement Association
212.25 and from the Teachers Retirement Association under Minnesota Statutes, section 356.30,
212.26 in April or May 2008, and was subsequently reemployed by the municipal liquor store
212.27 on or about May 20, 2008; and

212.28 (5) was informed by the Public Employees Retirement Association of a retirement
212.29 annuity overpayment of \$349.65 on July 22, 2008.

212.30 (c) If elected, the eligible person may revoke the person's application for a retirement
212.31 annuity from the general employee retirement plan of the Public Employees Retirement
212.32 Association, or revoke the person's application for a retirement annuity from the Teachers
212.33 Retirement Association, or revoke the person's application for a retirement annuity from
212.34 both retirement plans. If a retirement application is revoked, the person's retirement
212.35 annuity ends, the entitlement of the person to a future retirement annuity is restored, and

213.1 that future retirement annuity amount must be adjusted by subtracting the total value of
213.2 the retirement annuity amounts received from that retirement plan from the actuarial
213.3 present value of the eligible person's future annuity without adjustment, calculated based
213.4 on the mortality table for retired lives of the applicable retirement plan and 8.5 percent
213.5 interest rate assumption, and determining the adjusted annuity amount from the remaining
213.6 actuarial present value amount using the same interest and mortality assumption.

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

213.8 Sec. 12. **MSRS-GENERAL AND PERA-GENERAL; PLAN MEMBERSHIP**
213.9 **EXCLUSION AND DEFERRED ANNUITY AUGMENTATION.**

213.10 (a) A qualified person described in paragraph (b) may, upon written application
213.11 filed with the executive director of the Public Employees Retirement Association, elect
213.12 retroactive exclusion from coverage by the general employees retirement plan of the
213.13 Public Employees Retirement Association for any period of teacher assistant service for
213.14 Independent School District No. 623, Roseville, and qualification for deferred annuities
213.15 augmentation for the retroactively excluded period.

213.16 (b) A qualified person is a person who:

213.17 (1) was born on January 17, 1951;

213.18 (2) was employed by Ramsey County from January 20, 1975, to June 22, 1999;

213.19 (3) was employed by the state of Minnesota from June 22, 1999, to April 4, 2006; and

213.20 (4) was employed by Independent School District No. 623, Roseville, as a teacher
213.21 assistant following terminating state employment from December 13, 2007, to June 6,
213.22 2008.

213.23 (c) If the retroactive exclusion is elected, all member and employer contributions to
213.24 the general employees retirement plan of the Public Employees Retirement Association
213.25 made with respect to Independent School District No. 623, Roseville, teacher assistant
213.26 employment must be refunded with interest under Minnesota Statutes, section 353.27,
213.27 subdivision 7, and the qualified person is entitled, if otherwise eligible, for deferred
213.28 annuities augmentation from the general employees retirement plan of the Public
213.29 Employees Retirement Association and from the general state employees retirement plan
213.30 of the Minnesota State Retirement System for the period of retroactive exclusion.

213.31 (d) Authority to make the election under this section expires September 1, 2009.

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

214.1 Sec. 13. MSRS-GENERAL; EXCEPTION TO DISABILITY BENEFIT
214.2 APPLICATION DEADLINE.

214.3 (a) Notwithstanding any provision of Minnesota Statutes, section 352.113,
214.4 subdivision 4, paragraph (e), to the contrary, an eligible person described in paragraph
214.5 (b) is entitled to file a disability benefit application with the general state employees
214.6 retirement plan of the Minnesota State Retirement System and, if otherwise qualified under
214.7 Minnesota Statutes, section 352.113, receive a disability benefit from the retirement plan.

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

214.9 (1) was born on March 8, 1966;

214.10 (2) was an employee of the Minnesota Veterans Home at Silver Bay, Minnesota;

214.11 (3) terminated state employment on July 25, 2007;

214.12 (4) attempted to apply for a disability benefit in February 2008;

214.13 (5) had a request to apply for a disability benefit denied by the executive director of
214.14 the Minnesota State Retirement System on April 3, 2008;

214.15 (6) appealed the executive director's decision to the Minnesota State Retirement
214.16 System board of directors on April 24, 2008; and

214.17 (7) had the appeal to the Minnesota State Retirement System board of directors
214.18 denied on August 4, 2008.

214.19 (c) This section expires on June 1, 2010.

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

214.21 Sec. 14. MSRS-GENERAL; ALLOWABLE SERVICE CREDIT REVISION FOR
214.22 JOB-SHARE EMPLOYEES.

214.23 (a) An eligible person as described in paragraph (b) is entitled to have any partial
214.24 month allowable service credit in the general state employees retirement plan of the
214.25 Minnesota State Retirement System for part-time employment as a job-share employee
214.26 revised to be identical to allowable service credit for part-time state employment under
214.27 Minnesota Statutes, section 352.01, subdivision 11, that was not rendered as a job-share
214.28 employee.

214.29 (b) An eligible person:

214.30 (1) is an active member of the general state employees retirement plan or a retired
214.31 member of the general state employees retirement plan;

214.32 (2) was employed in the demonstration job-sharing project under Laws 1980,
214.33 chapter 572, or in the job-sharing program under Minnesota Statutes 1998, sections
214.34 43A.41 to 43A.46;

215.1 (3) was employed in the demonstration job-sharing project or in the job-sharing
215.2 program for one-half of full time; and

215.3 (4) received partial month allowable service credit under Minnesota Statutes, section
215.4 352.01, subdivision 11.

215.5 (c) To have allowable service credit revised under this section, an eligible person
215.6 shall provide the executive director of the Minnesota State Retirement System any
215.7 relevant documentation that the executive director requests.

215.8 (d) If the eligible person is a retired member of the general state employees
215.9 retirement plan, the person's retirement annuity must be recomputed based on the revised
215.10 service credit under this section and the recomputed retirement annuity is payable on the
215.11 first day of the month next following the effective date of this section.

215.12 (e) Nothing in this section may be interpreted to authorize the crediting of more than
215.13 one year of allowable service during any 12-month period or to authorize the payment of
215.14 any retroactive recomputed retirement annuity amounts.

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

215.16 Sec. 15. **HENNEPIN COUNTY EMPLOYEE WAIVER OF SERVICE**
215.17 **REQUIREMENT TO APPLY FOR DISABILITY.**

215.18 (a) Notwithstanding Minnesota Statutes, section 353.33, subdivision 1, an eligible
215.19 person specified in paragraph (b) is authorized to submit an application for disability
215.20 benefits from the general employees retirement plan of the Public Employees Retirement
215.21 Association.

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

215.23 (1) was born May 6, 1972;

215.24 (2) was employed by Independent School District No. 11, Anoka-Hennepin, from
215.25 September 11, 1995, to August 6, 1996;

215.26 (3) was employed by Hennepin County from July 31, 2000, to December 30, 2004;

215.27 (4) was again employed by Hennepin County starting April 2, 2007, with the most
215.28 recent employment position being a principal child support officer;

215.29 (5) has service credit with the Public Employees Retirement Association due to the
215.30 employment under clauses (2), (3), and (4); and

215.31 (6) has had several leaves from Hennepin County employment of a medical-related
215.32 nature.

215.33 (c) If an eligible person under paragraph (b) files a valid application, the executive
215.34 director of the Public Employees Retirement Association shall determine whether that
215.35 eligible person qualifies to receive a disability benefit under the laws and procedures

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216.1 applicable to the general employees retirement plan of the Public Employees Retirement
216.2 Association.

216.3 (d) This section expires one year after the effective date of this section.

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

216.5 Sec. 16. **REPEALER.**

216.6 Minnesota Statutes 2008, section 352.86, subdivision 3, is repealed.

APPENDIX
Article locations in s0191-1

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ARTICLE 2	DISABILITY BENEFIT PROVISION CHANGES	Page.Ln 39.21
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ARTICLE 4	ADMINISTRATIVE PROVISIONS	Page.Ln 58.21
	LOCAL GOVERNMENT POST RETIREMENT OPTION	
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ARTICLE 6	TEACHER RETIREMENT BENEFIT AND FUNDING CHANGES ..	Page.Ln 97.12
ARTICLE 7	MNSCU RELATED RETIREMENT PROVISIONS	Page.Ln 112.18
ARTICLE 8	ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION	Page.Ln 115.14
ARTICLE 9	LOCAL POLICE AND PAID FIRE	Page.Ln 116.25
ARTICLE 10	VOLUNTARY STATEWIDE LUMP SUM	Page.Ln 119.4
ARTICLE 11	VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES	Page.Ln 146.26
ARTICLE 12	CORRECTION OF PRIOR DRAFTING ERRORS	Page.Ln 197.12
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