

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 plan,  
1.6 and the State Patrol retirement plan; making various administrative provision  
1.7 changes; establishing a voluntary statewide lump-sum volunteer firefighter  
1.8 retirement plan administered by the Public Employees Retirement Association;  
1.9 revising various volunteer firefighters' relief association provisions; correcting  
1.10 2008 drafting errors related to the Minneapolis Employees Retirement Fund and  
1.11 other drafting errors; granting special retirement benefit authority in certain  
1.12 cases; revising the special transportation pilots retirement plan of the Minnesota  
1.13 State Retirement System; expanding the membership of the state correctional  
1.14 employees retirement plan; extending the amortization target date for the  
1.15 Fairmont Police Relief Association; modifying the number of board of trustees  
1.16 members of the Minneapolis Firefighters Relief Association; increasing state  
1.17 education aid to offset teacher retirement plan employer contribution increases;  
1.18 increasing teacher retirement plan member and employer contributions; revising  
1.19 the normal retirement age and providing prospective benefit accrual rate increases  
1.20 for teacher retirement plans; permitting the Brimson Volunteer Firefighters'  
1.21 Relief Association to implement a different board of trustees composition;  
1.22 permitting employees of the Minneapolis Firefighters Relief Association and  
1.23 the Minneapolis Police Relief Association to become members of the general  
1.24 employee retirement plan of the Public Employees Retirement Association;  
1.25 creating a two-year demonstration postretirement adjustment mechanism for  
1.26 the St. Paul Teachers Retirement Fund Association; creating a temporary  
1.27 postretirement option program for employees covered by the general employee  
1.28 retirement plan of the Public Employees Retirement Association; setting a statute  
1.29 of limitations for erroneous receipts of the general employee retirement plan of  
1.30 the Public Employees Retirement Association; permitting the Minnesota State  
1.31 Colleges and Universities System board to create an early separation incentive  
1.32 program; permitting certain Minnesota State Colleges and Universities System  
1.33 faculty members to make a second chance retirement coverage election upon  
1.34 achieving tenure; including the Weiner Memorial Medical Center, Inc., in the  
1.35 Public Employees Retirement Association privatization law; extending the  
1.36 approval deadline date for the inclusion of the Clearwater County Hospital in  
1.37 the Public Employees Retirement Association privatization law; requiring a  
1.38 report; appropriating money; amending Minnesota Statutes 2008, sections 3A.02,  
1.39

2.1 subdivision 3, by adding a subdivision; 3A.03, by adding a subdivision; 3A.04,  
2.2 by adding a subdivision; 3A.115; 11A.08, subdivision 1; 11A.17, subdivisions 1,  
2.3 2; 11A.23, subdivisions 1, 2; 43A.34, subdivision 4; 43A.346, subdivisions 2,  
2.4 6; 69.011, subdivisions 1, 2, 4; 69.021, subdivisions 7, 9; 69.031, subdivisions  
2.5 1, 5; 69.77, subdivision 4; 69.771, subdivision 3; 69.772, subdivisions 4, 6;  
2.6 69.773, subdivision 6; 127A.50, subdivision 1; 299A.465, subdivision 1; 352.01,  
2.7 subdivision 2b, by adding subdivisions; 352.021, by adding a subdivision;  
2.8 352.04, subdivisions 1, 12; 352.061; 352.113, subdivision 4, by adding a  
2.9 subdivision; 352.115, by adding a subdivision; 352.12, by adding a subdivision;  
2.10 352.75, subdivisions 3, 4; 352.86, subdivisions 1, 1a, 2; 352.91, subdivision  
2.11 3d; 352.911, subdivisions 3, 5; 352.93, by adding a subdivision; 352.931, by  
2.12 adding a subdivision; 352.95, subdivisions 1, 2, 3, 4, 5, by adding a subdivision;  
2.13 352B.02, subdivisions 1, 1a, 1c, 1d; 352B.08, by adding a subdivision; 352B.10,  
2.14 subdivisions 1, 2, 5, by adding subdivisions; 352B.11, subdivision 2, by adding  
2.15 a subdivision; 352C.10; 352D.02, subdivisions 1, 3; 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; 471.61,  
2.45 subdivision 1; 490.123, subdivisions 1, 3; 490.124, by adding a subdivision;  
2.46 Laws 1989, chapter 319, article 11, section 13; Laws 2006, chapter 271, article  
2.47 5, section 5, as amended; Laws 2008, chapter 349, article 14, section 13;  
2.48 proposing coding for new law in Minnesota Statutes, chapters 136F; 352B;  
2.49 353; 354; 356; 420; 424A; 424B; proposing coding for new law as Minnesota  
2.50 Statutes, chapter 353G; repealing Minnesota Statutes 2008, sections 11A.041;  
2.51 11A.18; 11A.181; 352.119, subdivisions 2, 3, 4; 352.86, subdivision 3; 352B.01,  
2.52 subdivisions 1, 2, 3, 3b, 4, 6, 7, 9, 10, 11; 352B.26, subdivisions 1, 3; 353.271;  
2.53 353A.02, subdivision 20; 353A.09, subdivisions 2, 3; 354.05, subdivision 26;  
2.54 354.06, subdivision 6; 354.55, subdivision 14; 354.63; 354A.29, subdivisions  
2.55 2, 4, 5; 356.2165; 356.41; 356.431, subdivision 2; 422A.01, subdivision 13;  
2.56 422A.06, subdivision 4; 422A.08, subdivision 5a; 424A.001, subdivision 7;  
2.57 424A.02, subdivisions 4, 6, 8a, 8b, 9b; 424A.09; 424B.10, subdivision 1;  
2.58 490.123, 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~~

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 under subdivision 1 shall must be invested by the state board subject to the provisions  
5.6 of section 11A.24. Retirement fund assets transferred to ~~the Minnesota postretirement~~  
5.7 ~~investment fund,~~ the combined investment fund or the supplemental investment fund ~~shall~~  
5.8 must be 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 a return to employment as a state  
5.16 employee in order to qualify for improved benefits resulting from any law change enacted  
5.17 subsequent to that termination.

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

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

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

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

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

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

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

6.9 **352.061 INVESTMENT BOARD TO INVEST FUNDS.**

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

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

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

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

6.22 Subd. 14. **Postretirement adjustment eligibility.** A retirement annuity under  
6.23 this section and section 352.116 is eligible for postretirement adjustments under section  
6.24 356.415.

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

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

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

6.30 Subd. 3. **Existing retired members and benefit recipients.** As of July 1, 1978,  
6.31 the liability for all retirement annuities, disability benefits, survivorship annuities, and

**S.F. No. 191, 2nd Engrossment - 86th Legislative Session (2009-2010) [s0191-2]**

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

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

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

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

7.31 The person is entitled to a retirement annuity in an amount equal to the normal  
7.32 old age retirement allowance calculated under the former Metropolitan Transit  
7.33 Commission-Transit Operating Division employees retirement fund plan document in  
7.34 effect on December 31, 1977, subject to an early retirement reduction or adjustment in  
7.35 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 eligible for postretirement adjustments under section 356.415. On applying  
8.13 for 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:

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.

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:

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.

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;

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~~

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

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;

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

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 must be  
54.19 transmitted to the fund 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

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

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

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 352D.02, subdivision 1, is amended to read:

60.24 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clause (1),  
60.25 are participants in the unclassified program under this chapter. Employees enumerated  
60.26 in paragraph (c), ~~clauses (2), (3), (4), (6) to (14), and (16) to (18);~~ clauses (2) to (18), if  
60.27 they are in the unclassified service of the state or Metropolitan Council and are eligible  
60.28 for coverage under the general state employees retirement plan under chapter 352, are  
60.29 participants in the unclassified program under this chapter unless the employee gives  
60.30 notice to the executive director of the Minnesota State Retirement System within one year  
60.31 following the commencement of employment in the unclassified service that the employee  
60.32 desires coverage under the general state employees retirement plan. For the purposes of  
60.33 this chapter, an employee who does not file notice with the executive director is deemed to  
60.34 have exercised the option to participate in the unclassified program.

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61.1           (b) ~~Persons referenced in paragraph (c), clause (5), are participants in the unclassified~~  
61.2 ~~program under this chapter unless the person was eligible to elect different coverage under~~  
61.3 ~~section 3A.07 and elected retirement coverage by the applicable alternative retirement~~  
61.4 ~~plan.~~ Persons referenced in paragraph (c), clause (15), are participants in the unclassified  
61.5 program under this chapter for judicial employment in excess of the service credit limit in  
61.6 section 490.121, subdivision 22.

61.7           (c) Enumerated employees ~~and referenced persons~~ are:

61.8           (1) the governor, the lieutenant governor, the secretary of state, the state auditor,  
61.9 and the attorney general;

61.10          (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary  
61.11 of State, State Auditor, Attorney General;

61.12          (3) an employee of the State Board of Investment;

61.13          (4) the head of a department, division, or agency created by statute in the unclassified  
61.14 service, an acting department head subsequently appointed to the position, or an employee  
61.15 enumerated in section 15A.0815 or 15A.083, subdivision 4;

61.16          (5) a member of the legislature;

61.17          (6) a full-time unclassified employee of the legislature or a commission or agency of  
61.18 the legislature who is appointed without a limit on the duration of the employment or a  
61.19 temporary legislative employee having shares in the supplemental retirement fund as a  
61.20 result of former employment covered by this chapter, whether or not eligible for coverage  
61.21 under the Minnesota State Retirement System;

61.22          (7) a person who is employed in a position established under section 43A.08,  
61.23 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing  
61.24 a department or agency of the state, which is at the deputy or assistant head of department  
61.25 or agency or director level;

61.26          (8) the regional administrator, or executive director of the Metropolitan Council,  
61.27 general counsel, division directors, operations managers, and other positions as designated  
61.28 by the council, all of which may not exceed 27 positions at the council and the chair;

61.29          (9) the executive director, associate executive director, and not to exceed nine  
61.30 positions of the Minnesota Office of Higher Education in the unclassified service, as  
61.31 designated by the Minnesota Office of Higher Education before January 1, 1992, or  
61.32 subsequently redesignated with the approval of the board of directors of the Minnesota  
61.33 State Retirement System, unless the person has elected coverage by the individual  
61.34 retirement account plan under chapter 354B;

62.1 (10) the clerk of the appellate courts appointed under article VI, section 2, of the  
62.2 Constitution of the state of Minnesota, the state court administrator and judicial district  
62.3 administrators;

62.4 (11) the chief executive officers of correctional facilities operated by the Department  
62.5 of Corrections and of hospitals and nursing homes operated by the Department of Human  
62.6 Services;

62.7 (12) an employee whose principal employment is at the state ceremonial house;

62.8 (13) an employee of the Agricultural Utilization Research Institute;

62.9 (14) an employee of the State Lottery who is covered by the managerial plan  
62.10 established under section 43A.18, subdivision 3;

62.11 (15) a judge who has exceeded the service credit limit in section 490.121,  
62.12 subdivision 22;

62.13 (16) an employee of Enterprise Minnesota, Inc.;

62.14 (17) a person employed by the Minnesota State Colleges and Universities as faculty  
62.15 or in an eligible unclassified administrative position as defined in section 354B.20,  
62.16 subdivision 6, who was employed by the former state university or the former community  
62.17 college system before May 1, 1995, and elected unclassified program coverage prior to  
62.18 May 1, 1995; and

62.19 (18) a person employed by the Minnesota State Colleges and Universities who  
62.20 was employed in state service before July 1, 1995, who subsequently is employed in an  
62.21 eligible unclassified administrative position as defined in section 354B.20, subdivision  
62.22 6, and who elects coverage by the unclassified program.

62.23 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

62.24 Subd. 3. **Transfer to general plan.** (a) An employee credited with ~~employee~~ shares  
62.25 in the unclassified program, after acquiring credit for ten years of allowable service and  
62.26 not later than one month following the termination of covered employment, may elect  
62.27 to terminate participation in the unclassified program and be covered by the general  
62.28 plan by filing a written election with the executive director. The executive director  
62.29 shall then redeem the employee's total shares and shall credit to the employee's account  
62.30 in the general plan the amount of contributions that would have been so credited had  
62.31 the employee been covered by the general plan during the employee's entire covered  
62.32 employment or elective state service. The balance of money so redeemed and not credited  
62.33 to the employee's account shall be transferred to the general plan retirement fund, except  
62.34 that (1) the employee contribution paid to the unclassified program must be compared  
62.35 to (2) the employee contributions that would have been paid to the general plan for the

63.1 comparable period, if the individual had been covered by that plan. If clause (1) is  
63.2 greater than clause (2), the difference must be refunded to the employee as provided in  
63.3 section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the  
63.4 employee within six months of electing general plan coverage or before the effective  
63.5 date of the annuity, whichever is sooner.

63.6 (b) An election under paragraph (a) to transfer coverage to the general plan is  
63.7 irrevocable during any period of covered employment.

63.8 (c) Notwithstanding paragraph (a), employees enumerated in subdivision 1,  
63.9 paragraph (c), clause (1), are not eligible for transfer to the general plan.

63.10 Sec. 7. Minnesota Statutes 2008, section 353.01, subdivision 16, is amended to read:

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

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

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

63.18 ~~(2)~~ (3) service in years during which the public employee was not a member but for  
63.19 which the member later elected, while a member, to obtain credit by making payments to  
63.20 the fund as permitted by any law then in effect;

63.21 ~~(3)~~ (4) a period of authorized leave of absence with pay from which deductions for  
63.22 employee contributions are made, deposited, and credited to the fund;

63.23 ~~(4)~~ (5) a period of authorized personal, parental, or medical leave of absence without  
63.24 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
63.25 that does not exceed one year, and for which a member obtained service credit for each  
63.26 month in the leave period by payment under section 353.0161 to the fund made in place of  
63.27 salary deductions. An employee must return to public service and render a minimum of  
63.28 three months of allowable service in order to be eligible to make payment under section  
63.29 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
63.30 employee must be granted allowable service credit for the purchased period;

63.31 ~~(5)~~ (6) a periodic, repetitive leave that is offered to all employees of a governmental  
63.32 subdivision. The leave program may not exceed 208 hours per annual normal work  
63.33 cycle as certified to the association by the employer. A participating member obtains  
63.34 service credit by making employee contributions in an amount or amounts based on the  
63.35 member's average salary that would have been paid if the leave had not been taken. The

64.1 employer shall pay the employer and additional employer contributions on behalf of the  
64.2 participating member. The employee and the employer are responsible to pay interest on  
64.3 their respective shares at the rate of 8.5 percent a year, compounded annually, from the  
64.4 end of the normal cycle until full payment is made. An employer shall also make the  
64.5 employer and additional employer contributions, plus 8.5 percent interest, compounded  
64.6 annually, on behalf of an employee who makes employee contributions but terminates  
64.7 public service. The employee contributions must be made within one year after the end of  
64.8 the annual normal working cycle or within ~~20~~ 30 days after termination of public service,  
64.9 whichever is sooner. The executive director shall prescribe the manner and forms to be  
64.10 used by a governmental subdivision in administering a periodic, repetitive leave. Upon  
64.11 payment, the member must be granted allowable service credit for the purchased period;  
64.12 ~~(6)~~ (7) an authorized temporary or seasonal layoff under subdivision 12, limited  
64.13 to three months allowable service per authorized temporary or seasonal layoff in one  
64.14 calendar year. An employee who has received the maximum service credit allowed for an  
64.15 authorized temporary or seasonal layoff must return to public service and must obtain a  
64.16 minimum of three months of allowable service subsequent to the layoff in order to receive  
64.17 allowable service for a subsequent authorized temporary or seasonal layoff; ~~or~~  
64.18 ~~(7)~~ (8) a period during which a member is absent from employment by a  
64.19 governmental subdivision by reason of service in the uniformed services, as defined in  
64.20 United States Code, title 38, section 4303(13), if the member returns to public service with  
64.21 the same governmental subdivision upon discharge from service in the uniformed service  
64.22 within the time frames required under United States Code, title 38, section 4312(e),  
64.23 provided that the member did not separate from uniformed service with a dishonorable or  
64.24 bad conduct discharge or under other than honorable conditions. The service is credited  
64.25 if the member pays into the fund equivalent employee contributions based upon the  
64.26 contribution rate or rates in effect at the time that the uniformed service was performed  
64.27 multiplied by the full and fractional years being purchased and applied to the annual salary  
64.28 rate. The annual salary rate is the average annual salary during the purchase period that  
64.29 the member would have received if the member had continued to be employed in covered  
64.30 employment rather than to provide uniformed service, or, if the determination of that  
64.31 rate is not reasonably certain, the annual salary rate is the member's average salary rate  
64.32 during the 12-month period of covered employment rendered immediately preceding the  
64.33 period of the uniformed service. Payment of the member equivalent contributions must  
64.34 be made during a period that begins with the date on which the individual returns to  
64.35 public employment and that is three times the length of the military leave period, or  
64.36 within five years of the date of discharge from the military service, whichever is less. If

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65.1 the determined payment period is less than one year, the contributions required under  
65.2 this clause to receive service credit may be made within one year of the discharge date.  
65.3 Payment may not be accepted following ~~20~~ 30 days after termination of public service  
65.4 under subdivision 11a. If the member equivalent contributions provided for in this clause  
65.5 are not paid in full, the member's allowable service credit must be prorated by multiplying  
65.6 the full and fractional number of years of uniformed service eligible for purchase by the  
65.7 ratio obtained by dividing the total member contributions received by the total member  
65.8 contributions otherwise required under this clause. The equivalent employer contribution,  
65.9 and, if applicable, the equivalent additional employer contribution must be paid by the  
65.10 governmental subdivision employing the member if the member makes the equivalent  
65.11 employee contributions. The employer payments must be made from funds available to  
65.12 the employing unit, using the employer and additional employer contribution rate or  
65.13 rates in effect at the time that the uniformed service was performed, applied to the same  
65.14 annual salary rate or rates used to compute the equivalent member contribution. The  
65.15 governmental subdivision involved may appropriate money for those payments. The  
65.16 amount of service credit obtainable under this section may not exceed five years unless a  
65.17 longer purchase period is required under United States Code, title 38, section 4312. The  
65.18 employing unit shall pay interest on all equivalent member and employer contribution  
65.19 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent  
65.20 compounded annually from the end of each fiscal year of the leave or the break in service  
65.21 to the end of the month in which the payment is received. Upon payment, the employee  
65.22 must be granted allowable service credit for the purchased period; or

65.23 (9) a period specified under subdivision 40.

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

65.29 (c) For a public employee who has prior service covered by a local police or  
65.30 firefighters relief association that has consolidated with the Public Employees Retirement  
65.31 Association or to which section 353.665 applies, and who has elected the type of benefit  
65.32 coverage provided by the public employees police and fire fund either under section  
65.33 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable  
65.34 service" is a period of service credited by the local police or firefighters relief association  
65.35 as of the effective date of the consolidation based on law and on bylaw provisions  
65.36 governing the relief association on the date of the initiation of the consolidation procedure.

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

66.3 (e) MS 2002 [Expired]

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

66.5 Sec. 8. Minnesota Statutes 2008, section 353.01, subdivision 16b, is amended to read:

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

66.17 (b) A public employee who desires to purchase service credit under paragraph  
66.18 (a) must apply with the executive director to make the purchase. The application must  
66.19 include all necessary documentation of the public employee's qualifications to make the  
66.20 purchase, signed written permission to allow the executive director to request and receive  
66.21 necessary verification of applicable facts and eligibility requirements, and any other  
66.22 relevant information that the executive director may require.

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

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

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

66.31 Sec. 9. Minnesota Statutes 2008, section 353.0161, subdivision 1, is amended to read:

66.32 Subdivision 1. **Application.** This section applies to employees covered by any plan  
66.33 specified in this chapter or chapter 353E for any period of authorized leave of absence

67.1 specified in section 353.01, subdivision 16, paragraph (a), clause ~~(4)~~ (5), for which the  
67.2 employee obtains credit for allowable service by making payment as specified in this  
67.3 section to the applicable fund.

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

67.5 Sec. 10. Minnesota Statutes 2008, section 353.03, subdivision 3a, is amended to read:

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

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

67.16 (1) attend all meetings of the board;

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

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

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

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

67.30 (6) with the approval of the board, contract for the services of an approved actuary,  
67.31 professional management services, and any other consulting services as necessary to fulfill  
67.32 the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner  
67.33 of administration shall not approve, and the association shall not enter into, any contract  
67.34 to provide lobbying services or legislative advocacy of any kind. Any approved actuary  
67.35 retained by the executive director shall function as the actuarial advisor of the board and

68.1 the executive director ~~and may perform actuarial valuations and experience studies to~~  
68.2 ~~supplement those performed by the actuary retained~~. In addition to filing requirements  
68.3 under section 356.214-<sub>2</sub> any supplemental actuarial valuations or experience studies shall  
68.4 be filed with the executive director of the Legislative Commission on Pensions and  
68.5 Retirement. Copies of professional management survey reports shall be transmitted to the  
68.6 secretary of the senate, the chief clerk of the house of representatives, and the Legislative  
68.7 Reference Library as provided by section 3.195, and to the executive director of the  
68.8 commission at the same time as reports are furnished to the board. Only management  
68.9 firms experienced in conducting management surveys of federal, state, or local public  
68.10 retirement systems shall be qualified to contract with the director hereunder;

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

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

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

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

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

68.24 (12) prepare and submit biennial and annual budgets to the board for its approval  
68.25 and submit the approved budgets to the Department of Finance for approval by the  
68.26 commissioner;

68.27 (13) reduce all or part of the accrued interest payable under section 353.27,  
68.28 subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the  
68.29 association of an unreasonable processing delay or other extenuating circumstances of  
68.30 the employing unit; and notwithstanding section 353.27, subdivision 7, may waive the  
68.31 payment of accrued interest to the member if a credit has been taken by the employer to  
68.32 correct an employee deduction taken in error and if the accrued interest is \$10 or less.

68.33 The executive director shall prescribe and submit for approval by the board the conditions  
68.34 under which such interest may be reduced; and

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

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

69.5 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 2, is amended to read:

69.6 Subd. 2. **Employee contribution.** (a) For a basic member, the employee  
 69.7 contribution is the following applicable percentage of the total 9.10 percent of salary  
 69.8 amount for a "basic member" and. For a "coordinated member": coordinated member,  
 69.9 the employee contribution is six percent of salary plus any contribution rate adjustment  
 69.10 under subdivision 3b.

	<del>Basic Program</del>	<del>Coordinated Program</del>
69.11		
69.12	<del>Effective before January 1, 2006</del>	<del>9.10</del>
69.13	<del>Effective January 1, 2006</del>	<del>5.10</del>
69.14	<del>Effective January 1, 2007</del>	<del>5.50</del>
69.15	<del>Effective January 1, 2008</del>	<del>9.10</del>
69.16		<del>6.00 plus any contribution</del>
69.17		<del>rate adjustment under</del>
		<del>subdivision 3b</del>

69.18 (b) These contributions must be made by deduction from salary as defined in section  
 69.19 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a  
 69.20 member's salary is paid from other than public funds, the member's employee contribution  
 69.21 must be based on the total salary received by the member from all sources.

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

69.23 Sec. 12. Minnesota Statutes 2008, section 353.27, subdivision 3, is amended to read:

69.24 Subd. 3. **Employer contribution.** (a) For a basic member, the employer  
 69.25 contribution is the following applicable percentage of the total 9.10 percent of salary  
 69.26 amount for "basic members" and. For "coordinated members": a coordinated member,  
 69.27 the employer contribution is six percent of salary plus any contribution rate adjustment  
 69.28 under subdivision 3b.

	<del>Basic Program</del>	<del>Coordinated Program</del>
69.29		
69.30	<del>Effective before January 1, 2006</del>	<del>9.10</del>
69.31	<del>Effective January 1, 2006</del>	<del>5.10</del>
69.32	<del>Effective January 1, 2007</del>	<del>5.50</del>
69.33	<del>Effective January 1, 2008</del>	<del>9.10</del>
69.34		<del>6.00 plus any contribution</del>
69.35		<del>rate adjustment under</del>
		<del>subdivision 3b</del>

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

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

70.4 Sec. 13. Minnesota Statutes 2008, section 353.27, subdivision 7, is amended to read:

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

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

70.14 (2) invalid, if the initial erroneous employee deduction began on or after January 1,  
70.15 1990. Upon determination of the error, the association shall refund all erroneous employee  
70.16 deductions and all erroneous employer contributions as specified in paragraph ~~(d)~~ (e). No  
70.17 person may claim a right to continued or past membership in the association based on  
70.18 erroneous deductions which began on or after January 1, 1990.

70.19 (b) Erroneous deductions taken from the salary of a person who did not qualify  
70.20 for membership in the association by virtue of concurrent employment before July 1,  
70.21 1978, which required contributions to another retirement fund or relief association  
70.22 established for the benefit of officers and employees of a governmental subdivision, are  
70.23 invalid. Upon discovery of the error, the association shall remove all invalid service and,  
70.24 upon termination of public service, the association shall refund all erroneous employee  
70.25 deductions to the person, with interest as determined under section 353.34, subdivision 2,  
70.26 and all erroneous employer contributions without interest to the employer. This paragraph  
70.27 has both retroactive and prospective application.

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

70.33 (d) If there is evidence of fraud or other misconduct on the part of the employee or  
70.34 the employer, the board of trustees may authorize adjustments to the account of a member  
70.35 or former member to correct erroneous employee deductions and employer contributions

71.1 on invalid salary and the recovery of any overpayments for a period longer than provided  
71.2 for under paragraph (c).

71.3 ~~(d)~~ (e) Upon discovery of the receipt of erroneous employee deductions and  
71.4 employer contributions under paragraph (a), clause (2), or paragraph (c), the association  
71.5 must require the employer to discontinue the erroneous employee deductions and  
71.6 erroneous employer contributions reported on behalf of a member. Upon discontinuation,  
71.7 the association ~~either~~ must ~~refund~~:

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

71.14 (2) for a former member who:

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

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

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

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

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

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

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

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

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

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

72.23 Sec. 14. Minnesota Statutes 2008, section 353.27, subdivision 7b, is amended to read:

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

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

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

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

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

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

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

73.18 Sec. 15. Minnesota Statutes 2008, section 353.33, subdivision 1, is amended to read:

73.19 Subdivision 1. **Age, service, and salary requirements.** A coordinated or basic  
73.20 member who has at least three years of allowable service and becomes totally and  
73.21 permanently disabled before normal retirement age, ~~and a basic member who has at least~~  
73.22 ~~three years of allowable service and who becomes totally and permanently disabled,~~ upon  
73.23 application as defined under section 353.031, is entitled to a disability benefit in an amount  
73.24 determined under subdivision 3. If the disabled person's public service has terminated  
73.25 at any time, at least two of the required three years of allowable service must have been  
73.26 rendered after last becoming an active member.

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

73.28 Sec. 16. Minnesota Statutes 2008, section 353.33, is amended by adding a subdivision  
73.29 to read:

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

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

74.1 Sec. 17. Minnesota Statutes 2008, section 353.33, subdivision 11, is amended to read:

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

74.4 The disability benefits paid to a coordinated member must terminate when the person  
74.5 reaches normal retirement age. If the coordinated member is still totally and permanently  
74.6 disabled upon attaining normal retirement age, the coordinated member is deemed to be on  
74.7 retirement status. If an optional annuity is elected under subdivision 3a, the coordinated  
74.8 member shall receive an annuity under the terms of the optional annuity previously  
74.9 elected, or, if an optional annuity is not elected under subdivision 3a, the coordinated  
74.10 member may elect to receive a normal retirement annuity under section 353.29 or an  
74.11 annuity equal to the disability benefit paid before the coordinated member reaches normal  
74.12 retirement age, whichever amount is greater, or elect to receive an optional annuity  
74.13 under section 353.30, subdivision 3. The annuity of a disabled coordinated member who  
74.14 attains normal retirement age must be computed under the law in effect upon attainment  
74.15 of normal retirement age. Election of an optional annuity must be made before the  
74.16 coordinated member attains normal retirement age. If an optional annuity is elected, the  
74.17 election is effective on the date on which the person attains normal retirement age and  
74.18 the optional annuity begins to accrue on the first day of the month next following the  
74.19 month in which the person attains that age.

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

74.21 Sec. 18. Minnesota Statutes 2008, section 353.33, subdivision 12, is amended to read:

74.22 Subd. 12. **Basic ~~disability~~ disabilitant transfer to retirement status; survivor**  
74.23 **benefits.** (a) If a basic member who is receiving a disability benefit under subdivision 3:

74.24 ~~(1)~~ dies before attaining age 65 or within five years of the effective date of the  
74.25 disability, whichever is later, the surviving spouse is entitled to receive a survivor  
74.26 benefit under section 353.31, ~~unless~~ and any dependent child or children are entitled to  
74.27 dependent child benefits under section 353.31, subdivision 1b, paragraph (b). If there are  
74.28 no dependent children, in lieu of the survivor benefit specified under section 353.31, the  
74.29 surviving spouse ~~elected~~ may elect to receive a refund under section 353.32, subdivision 1:

74.30 ~~(2)~~ (b) If a basic member who is receiving a disability benefit under subdivision 3 is  
74.31 living at age 65 or five years after the effective date of the disability, whichever is later, the  
74.32 basic member may ~~continue to~~ receive a normal retirement annuity equal to the disability  
74.33 benefit previously received, adjusted for the amount no longer payable under subdivision  
74.34 3, paragraph (b), or the person may elect a joint and survivor optional annuity under  
74.35 section 353.31, subdivision 1b. The election of the joint and survivor optional annuity

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75.1 must occur within 90 days of attaining age 65 or of reaching the five-year anniversary  
75.2 of the effective date of the disability benefit, whichever is later. The optional annuity  
75.3 takes effect on the first day of the month following the month in which the person attains  
75.4 age 65 or reaches the five-year anniversary of the effective date of the disability benefit,  
75.5 whichever is later; ~~or,~~

75.6 ~~(3) if there is a dependent child or children under clause (1) or (2), the dependent~~  
75.7 ~~child is entitled to a dependent child benefit under section 353.31, subdivision 1b,~~  
75.8 ~~paragraph (b).~~

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

75.10 Sec. 19. Minnesota Statutes 2008, section 353.65, subdivision 2, is amended to read:

75.11 Subd. 2. **Employee contribution rate.** ~~(a) The employee contribution is an amount~~  
75.12 ~~equal to the 9.4 percent of the total salary of the member specified in paragraph (b).~~ This  
75.13 contribution must be made by deduction from salary in the manner provided in subdivision  
75.14 4. Where any portion of a member's salary is paid from other than public funds, the  
75.15 member's employee contribution is based on the total salary received from all sources.

75.16 ~~(b) For calendar year 2006, the employee contribution rate is 7.0 percent. For~~  
75.17 ~~calendar year 2007, the employee contribution rate is 7.8 percent. For calendar year 2008,~~  
75.18 ~~the employee contribution rate is 8.6 percent. For calendar year 2009 and thereafter, the~~  
75.19 ~~employee contribution rate is 9.4 percent.~~

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

75.21 Sec. 20. Minnesota Statutes 2008, section 353.65, subdivision 3, is amended to read:

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

75.26 ~~(b) For calendar year 2006, the employer contribution rate is 10.5 percent. For~~  
75.27 ~~calendar year 2007, the employer contribution rate is 11.7 percent. For calendar year 2008,~~  
75.28 ~~the employer contribution rate is 12.9 percent. For calendar year 2009 and thereafter, the~~  
75.29 ~~employer contribution rate is 14.1 percent.~~

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

75.31 Sec. 21. Minnesota Statutes 2008, section 353A.08, subdivision 6a, is amended to read:

76.1 Subd. 6a. **Military service contribution and refund.** A person who was an active  
76.2 member of a local police or firefighters relief association upon its consolidation with the  
76.3 public employees retirement association, and who was otherwise eligible for automatic  
76.4 service credit for military service under Minnesota Statutes 2000, section 423.57, and  
76.5 who has not elected the type of benefit coverage provided by the public employees  
76.6 police and fire fund at the time of consolidation, must make employee contributions  
76.7 under section 353.01, subdivision 16, paragraph ~~(h)~~ (a), clause (8), to receive allowable  
76.8 service credit from the association for a military service leave after the effective date of the  
76.9 consolidation. A person who later elects, under subdivision 3, to retain benefit coverage  
76.10 under the bylaws of the local relief association is eligible for a refund from the association  
76.11 at the time of retirement. The association shall refund the employee contributions  
76.12 plus interest at the rate of six percent, compounded quarterly, from the date on which  
76.13 contributions were made until the first day of the month in which the refund is paid. The  
76.14 employer shall receive a refund of the employer contributions. The association shall not  
76.15 pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage  
76.16 provided by the public employees police and fire fund or to the person's employer.

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

76.18 Sec. 22. Minnesota Statutes 2008, section 353F.02, subdivision 4, is amended to read:

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

- 76.20 (1) Bridges Medical Services;
- 76.21 (2) the City of Cannon Falls Hospital;
- 76.22 (3) Clearwater County Memorial Hospital doing business as Clearwater Health  
76.23 Services in Bagley;
- 76.24 (4) the Dassel Lakeside Community Home;
- 76.25 (5) the Fair Oaks Lodge, Wadena;
- 76.26 (6) the Glencoe Area Health Center;
- 76.27 (7) Hutchinson Area Health Care;
- 76.28 (8) the Lakefield Nursing Home;
- 76.29 (9) the Lakeview Nursing Home in Gaylord;
- 76.30 (10) the Luverne Public Hospital;
- 76.31 (11) the Oakland Park Nursing Home;
- 76.32 (12) the RenVilla Nursing Home;
- 76.33 (13) the Rice Memorial Hospital in Willmar, with respect to the Department of  
76.34 Radiology and the Department of Radiation/Oncology;
- 76.35 (14) the St. Peter Community Health Care Center;

- 77.1 (15) the Waconia-Ridgeview Medical Center; ~~and~~  
77.2 (16) the Weiner Memorial Medical Center, Inc.; and  
77.3 (17) the Worthington Regional Hospital.

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

77.6 Sec. 23. Minnesota Statutes 2008, section 354.05, is amended by adding a subdivision  
77.7 to read:

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

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

77.11 Sec. 24. Minnesota Statutes 2008, section 354.42, subdivision 2, is amended to read:

77.12 Subd. 2. **Employee contribution.** (a) For a basic member, the employee  
77.13 contribution to the fund is ~~an amount equal to the following percentage~~ 9.0 percent of the  
77.14 member's salary ~~of a member.~~ For a coordinated member, the employee contribution is  
77.15 5.5 percent of the member's salary.

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

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

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

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

77.25 Sec. 25. Minnesota Statutes 2008, section 354.44, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

78.21 (2) if the application is filed during the six-month period that occurs immediately  
78.22 following the termination of teaching service, the accrual date may begin to accrue  
78.23 retroactively, but no earlier than the day after teaching service terminated and no later  
78.24 than six months after the termination date.

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

78.26 Sec. 26. Minnesota Statutes 2008, section 354.44, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

79.17 Sec. 27. Minnesota Statutes 2008, section 354.47, subdivision 1, is amended to read:

79.18 Subdivision 1. **Death before retirement.** (a) If a member dies before retirement  
79.19 and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a  
79.20 reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the  
79.21 survivors if the member was a basic member, then the surviving spouse, or if there is no  
79.22 surviving spouse, the designated beneficiary is entitled to an amount equal to the member's  
79.23 accumulated deductions with interest credited to the account of the member to the date of  
79.24 death of the member. If the designated beneficiary is a minor, interest must be credited to  
79.25 the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

79.26 (b) If a member dies before retirement and is covered under section 354.44,  
79.27 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit  
79.28 described in section 354.46, subdivision 1, is payable to the survivors if the member  
79.29 was a basic member, then the surviving spouse, or if there is no surviving spouse,  
79.30 the designated beneficiary is entitled to an amount equal to the member's accumulated  
79.31 deductions credited to the account of the member as of June 30, 1957, and from July 1,  
79.32 1957, to the date of death of the member, the member's accumulated deductions plus  
79.33 six percent interest compounded annually.

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

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

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

80.7 Sec. 28. Minnesota Statutes 2008, section 354.48, subdivision 4, is amended to read:

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

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

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

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

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

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

80.26 Sec. 29. Minnesota Statutes 2008, section 354.48, subdivision 6, is amended to read:

80.27 Subd. 6. **Regular physical examinations.** At least once each year during the first  
80.28 five years following the allowance of a disability benefit to any member, and at least once  
80.29 in every three-year period thereafter, the executive director ~~shall~~ may require the disability  
80.30 ~~beneficiary recipient~~ recipient to undergo an expert examination by a physician or physicians,  
80.31 by a chiropractor or chiropractors, or by one or more psychologists with respect to a  
80.32 mental impairment, engaged by the executive director. If an examination indicates that the  
80.33 member is no longer permanently and totally disabled or that the member is engaged or is

81.1 able to engage in a substantial gainful occupation, payments of the disability benefit by  
81.2 the association must be discontinued. The payments must be discontinued as soon as the  
81.3 member is reinstated to the payroll following sick leave, but payment may not be made for  
81.4 more than 60 days after the physicians, the chiropractors, or the psychologists engaged by  
81.5 the executive director find that the person is no longer permanently and totally disabled.

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

81.7 Sec. 30. Minnesota Statutes 2008, section 354.49, subdivision 2, is amended to read:

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

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

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

81.18 Sec. 31. Minnesota Statutes 2008, section 354.52, subdivision 2a, is amended to read:

81.19 Subd. 2a. ~~Annual Postretirement income reports reporting. On or before each~~  
81.20 ~~February 15, a representative authorized by an~~ Each employing unit must report to the  
81.21 executive director the amount of income earned during the previous ~~calendar~~ fiscal year  
81.22 by each retiree for teaching service performed after retirement. This ~~annual report must be~~  
81.23 shall be done through the payroll reporting system and is based on reemployment income  
81.24 as defined in section 354.44, subdivision 5, ~~and it must be made on a form provided by the~~  
81.25 ~~executive director. Signing~~ Submitting the report salary data through payroll reporting  
81.26 has the force and effect of an oath as to the correctness of the amount of postretirement  
81.27 reemployment income earned.

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

81.29 Sec. 32. Minnesota Statutes 2008, section 354.52, subdivision 4b, is amended to read:

81.30 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide  
81.31 the following data to the association for payroll warrants on an ongoing basis within 14

82.1 calendar days after the date of the payroll warrant in a format prescribed by the executive  
82.2 director:

82.3 (1) association member number;

82.4 (2) employer-assigned employee number;

82.5 (3) Social Security number;

82.6 (4) amount of each salary deduction;

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

82.9 (6) reason for payment;

82.10 (7) service credit;

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

82.13 (9) fiscal year of salary earnings;

82.14 (10) total remittance amount including employee, employer, and additional employer  
82.15 contributions; ~~and~~

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

82.17 ~~(11)~~ (12) other information as may be required by the executive director.

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

82.19 Sec. 33. **[354.543] PRIOR OR UNCREDITED MILITARY SERVICE CREDIT**  
82.20 **PURCHASE.**

82.21 Subdivision 1. Service credit purchase authorized. (a) If paragraph (b) does not  
82.22 apply, a teacher who has at least three years of allowable service credit with the Teachers  
82.23 Retirement Association and who performed service in the United States armed forces  
82.24 before becoming a teacher as defined in section 354.05, subdivision 2, or who failed  
82.25 to obtain service credit for a military leave of absence under the provisions of section  
82.26 354.53, is entitled to purchase allowable and formula service credit for the initial period of  
82.27 enlistment, induction, or call to active duty without any voluntary extension by making  
82.28 payment under section 356.551.

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

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

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

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

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

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

83.12            Sec. 34. Minnesota Statutes 2008, section 354.55, subdivision 11, is amended to read:

83.13            Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section  
83.14 354.44, subdivision 6, who ceases to render teaching service, may leave the person's  
83.15 accumulated deductions in the fund for the purpose of receiving a deferred annuity at  
83.16 retirement. ~~Eligibility for an annuity under this subdivision is governed pursuant to~~  
83.17 ~~section 354.44, subdivision 1, or 354.60.~~

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

83.24            (c) ~~There shall be~~ No augmentation is not creditable if ~~this~~ the deferral period is less  
83.25 than three months or if ~~this period commences prior to~~ deferral commenced before July 1,  
83.26 1971. ~~The rates of interest used for this purpose must be five percent compounded annually~~  
83.27 ~~commencing July 1, 1971, until January 1, 1981, and three percent compounded annually~~  
83.28 ~~thereafter until January 1 of the year following the year in which the former member~~  
83.29 ~~attains age 55 and from that date to the effective date of retirement, the rate is five percent~~  
83.30 ~~compounded annually if the employee became an employee before July 1, 2006, and at 2.5~~  
83.31 ~~percent compounded annually if the employee becomes an employee after June 30, 2006.~~

83.32            (d) For persons who became covered employees before July 1, 2006, with a deferral  
83.33 period commencing after June 30, 1971, the annuity must be augmented using five  
83.34 percent interest compounded annually until January 1, 1981, and three percent interest  
83.35 compounded annually thereafter until January 1 of the year following the year in which

84.1 the deferred annuitant attains age 55. From that date to the effective date of retirement, the  
84.2 rate is five percent compounded annually.

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

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

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

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

84.20 (i) The mortality table and interest assumption used to compute the annuity must be  
84.21 the applicable mortality table established by the board under section 354.07, subdivision  
84.22 1, and the interest rate assumption under section 356.215 in effect when the member  
84.23 retires. ~~A period of uninterrupted service for the purposes of this subdivision means a~~  
84.24 ~~period of covered teaching service during which the member has not been separated from~~  
84.25 ~~active service for more than one fiscal year.~~

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

84.28 ~~(d)~~ (k) The requirements and provisions for retirement before normal retirement  
84.29 age contained in section 354.44, subdivision 6, ~~clause (3) or (5), shall~~ also apply to an  
84.30 employee fulfilling the requirements with a combination of service as provided in section  
84.31 354.60.

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

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

85.1           ~~(g)~~ (n) The retirement annuity or disability benefit of, or the survivor benefit payable  
85.2 on behalf of, a former teacher who terminated service before July 1, 1997, which is not  
85.3 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis  
85.4 to reflect the change in the postretirement interest rate actuarial assumption under section  
85.5 356.215, subdivision 8, from five percent to six percent under a calculation procedure and  
85.6 tables adopted by the board as recommended by an approved actuary and approved by the  
85.7 actuary retained under section 356.214.

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

85.9           Sec. 35. Minnesota Statutes 2008, section 354A.096, is amended to read:

85.10           **354A.096 MEDICAL LEAVE.**

85.11           Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
85.12 Association or the new law coordinated program of the Duluth Teachers Retirement Fund  
85.13 Association who is on an authorized medical leave of absence and subsequently returns  
85.14 to teaching service is entitled to receive allowable service credit, not to exceed one year,  
85.15 for the period of leave, upon making the prescribed payment to the fund. This payment  
85.16 must include the required employee and employer contributions at the rates specified in  
85.17 section 354A.12, subdivisions 1 and ~~2~~ 2a, as applied to the member's average full-time  
85.18 monthly salary rate on the date the leave of absence commenced plus annual interest at  
85.19 the rate of 8.5 percent per year from the end of the fiscal year during which the leave  
85.20 terminates to the end of the month during which payment is made. The member must pay  
85.21 the total amount required unless the employing unit, at its option, pays the employer  
85.22 contributions. The total amount required must be paid by the end of the fiscal year  
85.23 following the fiscal year in which the leave of absence terminated or before the member  
85.24 retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or  
85.25 action of the employing authority granting the leave and the employing authority, upon  
85.26 granting the leave, must certify the leave to the association in a manner specified by the  
85.27 executive director. A member may not receive more than one year of allowable service  
85.28 credit during any fiscal year by making payment under this section. A member may not  
85.29 receive disability benefits under section 354A.36 and receive allowable service credit  
85.30 under this section for the same period of time.

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

85.32           Sec. 36. Minnesota Statutes 2008, section 354A.12, subdivision 2a, is amended to read:

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

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

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

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

86.10	Duluth Teachers Retirement	
86.11	Fund Association	4.50 percent
86.12	St. Paul Teachers Retirement	
86.13	Fund Association	4.50 percent

86.14 ~~(3)~~ (2) for any basic member of the St. Paul Teachers Retirement Fund Association,  
86.15 the employing unit shall make a regular employer contribution to the respective retirement  
86.16 fund in an amount equal to 8.00 percent of the salary of the basic member;

86.17 ~~(4)~~ (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the  
86.18 employing unit shall make an additional employer contribution to the respective fund in  
86.19 an amount equal to 3.64 percent of the salary of the basic member;

86.20 ~~(5)~~ (4) for a coordinated member of a teachers retirement fund association in a city  
86.21 of the first class, the employing unit shall make an additional employer contribution to  
86.22 the respective fund in an amount equal to the applicable percentage of the coordinated  
86.23 member's salary, as provided below:

86.24	Duluth Teachers Retirement	
86.25	Fund Association	1.29 percent
86.26	St. Paul Teachers Retirement	
86.27	Fund Association	<u>3.84 percent</u>
86.28	<del>July 1, 1993 - June 30, 1994</del>	<del>0.50 percent</del>
86.29	<del>July 1, 1994 - June 30, 1995</del>	<del>1.50 percent</del>
86.30	<del>July 1, 1997, and thereafter</del>	<del>3.84 percent</del>

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

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

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

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

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

87.6 (b) Upon discovery of the receipt of erroneous employee deductions and employer  
87.7 contributions under paragraph (a), the executive director must require the employer to  
87.8 discontinue the erroneous employee deductions and erroneous employer contributions  
87.9 reported on behalf of an active member. Upon discontinuation, the executive director  
87.10 must provide for a refund or credit to the employer in the amount of the invalid employee  
87.11 deductions with interest on the employee deductions at the rate specified in section  
87.12 354A.37, subdivision 3, from the received date of each invalid salary transaction to the  
87.13 first day of the month in which the credit or refund is made. The employer must pay the  
87.14 refunded employee deductions plus interest to the active member.

87.15 (c) If the individual is a former member who is not receiving a retirement annuity or  
87.16 benefit and has not received a refund under section 354A.37, subdivision 3, related to the  
87.17 applicable service, the executive director must return the erroneous employee deductions  
87.18 to the former member through a refund with interest at the rate specified in section  
87.19 354A.37, subdivision 3, from the received date of each invalid salary transaction to the  
87.20 first day of the month in which the credit or refund is made.

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

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

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

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

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

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

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

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

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

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

88.23 Sec. 39. Minnesota Statutes 2008, section 354A.12, is amended by adding a  
88.24 subdivision to read:

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

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

88.33 (c) Notwithstanding other provisions of this section, the executive director may  
88.34 apply the Revenue Procedures defined in the Internal Revenue Service Employee Plans  
88.35 Compliance Resolution System and not issue a refund of erroneous employee deductions

89.1 and employer contributions or not recover a small overpayment of benefits if the cost to  
89.2 correct the error would exceed the amount of the refund or overpayment.

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

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

89.6 Sec. 40. Minnesota Statutes 2008, section 354A.12, is amended by adding a  
89.7 subdivision to read:

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

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

89.13 Sec. 41. Minnesota Statutes 2008, section 354A.36, subdivision 6, is amended to read:

89.14 Subd. 6. **Requirement for regular physical examinations.** At least once each year  
89.15 during the first five years following the granting of a disability benefit to a coordinated  
89.16 member by the board and at least once in every three year period thereafter, the board ~~shall~~  
89.17 may require the disability benefit recipient to undergo an expert examination as a condition  
89.18 for continued entitlement of the benefit recipient to receive a disability benefit. If the board  
89.19 requires an examination, the expert examination must be made at the place of residence of  
89.20 the disability benefit recipient or at any other place mutually agreeable to the disability  
89.21 benefit recipient and the board. The expert examination must be made by a physician or  
89.22 physicians, by a chiropractor or chiropractors, or by one or more psychologists engaged  
89.23 by the board. The physician or physicians, the chiropractor or chiropractors, or the  
89.24 psychologist or psychologists with respect to a mental impairment, conducting the expert  
89.25 examination shall make a written report to the board concerning the disability benefit  
89.26 recipient and the recipient's disability, including a statement of the expert opinion of  
89.27 the physician, chiropractor, or psychologist as to whether or not the member remains  
89.28 permanently and totally disabled within the meaning of section 354A.011, subdivision  
89.29 14. If the board determines from consideration of the written expert examination report  
89.30 of the physician, of the chiropractor, or of the psychologist, with respect to a mental  
89.31 impairment, that the disability benefit recipient is no longer permanently and totally  
89.32 disabled or if the board determines that the benefit recipient is engaged or is able to  
89.33 engage in a gainful occupation, unless the disability benefit recipient is partially employed

90.1 under subdivision 7, then further disability benefit payments from the fund must be  
90.2 discontinued. The discontinuation of disability benefits must occur immediately if the  
90.3 disability recipient is reinstated to the district payroll following sick leave and within 60  
90.4 days of the determination by the board following the expert examination and report of the  
90.5 physician or physicians, chiropractor or chiropractors, or psychologist or psychologists  
90.6 engaged by the board that the disability benefit recipient is no longer permanently and  
90.7 totally disabled within the meaning of section 354A.011, subdivision 14.

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

90.9 Sec. 42. Minnesota Statutes 2008, section 356.401, subdivision 2, is amended to read:

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

90.15 (b) Upon the request of a retiree, disabilitant, survivor, or former member, the chief  
90.16 administrative officer of a covered retirement plan may remit the annuity, benefit, or  
90.17 refund ~~check~~ payment to the applicable financial institution for deposit in the person's  
90.18 individual account or the person's joint account. If an overpayment of benefits is paid  
90.19 after the death of the annuitant or benefit recipient, the chief administrative officer of  
90.20 the pension plan is authorized to issue an administrative subpoena consistent with the  
90.21 requirements of section 13A.02, requiring the applicable financial institution to disclose  
90.22 the names of all joint and co-owners of the account and a description of all deposits to,  
90.23 and withdrawals from, the account which take place on or after the death of the annuitant  
90.24 or benefit recipient. An overpayment to a joint account after the death of the annuitant or  
90.25 benefit recipient must be repaid to the fund of the applicable covered retirement plan by  
90.26 the joint tenant if the overpayment is not repaid to that fund by the financial institution  
90.27 associated with the National Automated Clearinghouse Association or its successor. The  
90.28 governing board of the covered retirement plan may prescribe the conditions under which  
90.29 these payments may be made.

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

90.31 Sec. 43. Minnesota Statutes 2008, section 356.465, subdivision 1, is amended to read:

90.32 Subdivision 1. **Inclusion as recipient.** ~~Notwithstanding any provision to the~~  
90.33 ~~contrary of the laws, articles of incorporation, or bylaws governing a covered retirement~~

91.1 ~~plan specified in subdivision 3~~, A retiring member may designate a qualified supplemental  
91.2 needs trust under subdivision 2 as the remainder recipient on an optional retirement  
91.3 annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental  
91.4 needs trust.

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

91.6 Sec. 44. Minnesota Statutes 2008, section 356.465, is amended by adding a subdivision  
91.7 to read:

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

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

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

91.14 Sec. 45. Minnesota Statutes 2008, section 356.611, subdivision 3, is amended to read:

91.15 Subd. 3. **Maximum benefit limitations.** A member's annual benefit, if necessary,  
91.16 must be reduced to the extent required by section 415(b) of the federal Internal Revenue  
91.17 Code, as adjusted by the United States secretary of the treasury under section 415(d) of the  
91.18 Internal Revenue Code for any applicable increases in the cost of living after the member's  
91.19 termination of employment. For purposes of section 415 of the federal Internal Revenue  
91.20 Code, the limitation year of a pension plan covered by this section must be the fiscal year  
91.21 or calendar year of that plan, whichever is applicable. ~~The accrued benefit limitation~~  
91.22 ~~described in section 415(c) of the Internal Revenue Code must cease to be effective for~~  
91.23 ~~limitation years beginning after December 31, 1999.~~

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

91.25 Sec. 46. Minnesota Statutes 2008, section 356.611, subdivision 4, is amended to read:

91.26 Subd. 4. **Compensation.** (a) For purposes of this section, compensation means  
91.27 a member's compensation actually paid or made available for any limitation year  
91.28 ~~determined as provided by~~ including items described in federal treasury regulation section  
91.29 1.415-2(d)(10) 1.415(c)-2(b) and excluding items described in federal treasury regulation  
91.30 section 1.415(c)-2(c).

91.31 (b) Compensation for any period includes:

92.1 (1) any elective deferral as defined in section 402(g)(3) of the federal Internal  
92.2 Revenue Code;

92.3 (2) any elective amounts that are not includable in a member's gross income by  
92.4 reason of sections 125 or 457 of the federal Internal Revenue Code; and

92.5 (3) any elective amounts that are not includable in a member's gross income by  
92.6 reason of section 132(f)(4) of the federal Internal Revenue Code.

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

92.8 Sec. 47. Minnesota Statutes 2008, section 356.635, subdivision 6, is amended to read:

92.9 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

92.10 (1) an individual retirement account under section 408(a) of the federal Internal  
92.11 Revenue Code;

92.12 (2) an individual retirement annuity plan under section 408(b) of the federal Internal  
92.13 Revenue Code;

92.14 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

92.15 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code  
92.16 that accepts the distributee's eligible rollover distribution;

92.17 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code; ~~or~~

92.18 (6) an eligible deferred compensation plan under section 457(b) of the federal  
92.19 Internal Revenue Code, which is maintained by a state or local government and which  
92.20 agrees to separately account for the amounts transferred into the plan; or

92.21 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an  
92.22 individual account or annuity treated as an inherited individual retirement account under  
92.23 section 402(c)(11) of the federal Internal Revenue Code.

92.24 (b) For distributions of after-tax contributions which are not includable in gross  
92.25 income, the after-tax portion may be transferred only to an individual retirement account  
92.26 or annuity described in section 408(a) or (b) of the federal Internal Revenue Code, or  
92.27 to a qualified defined contribution plan described in either section 401(a) or 403(a) of  
92.28 the federal Internal Revenue Code, that agrees to separately account for the amounts  
92.29 transferred, including separately accounting for the portion of the distribution which is  
92.30 includable in gross income and the portion of the distribution which is not includable.

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

92.32 Sec. 48. Minnesota Statutes 2008, section 356.635, subdivision 7, is amended to read:

92.33 Subd. 7. **Distributee.** A "distributee" is:

- 93.1 (1) an employee or a former employee;
- 93.2 (2) the surviving spouse of an employee or former employee; ~~or~~
- 93.3 (3) the former spouse of the employee or former employee who is the alternate
- 93.4 payee under a qualified domestic relations order as defined in section 414(p) of the federal
- 93.5 Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution of
- 93.6 marital property, as provided in section 518.58; or
- 93.7 (4) a nonspousal beneficiary of an employee or former employee who qualifies
- 93.8 for a distribution under the plan and is a designated beneficiary as defined in section
- 93.9 401(a)(9)(E) of the federal Internal Revenue Code.

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

93.11 Sec. 49. Minnesota Statutes 2008, section 356.96, subdivision 5, is amended to read:

93.12 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2

93.13 may petition for a review of that decision by the governing board of the covered pension

93.14 plan.

93.15 (b) A petition under this section must be sent to the chief administrative officer

93.16 by mail and must be postmarked no later than 60 days after the person received the

93.17 notice required by subdivision 3. The petition must include the person's statement of

93.18 the reason or reasons that the person believes the decision of the chief administrative

93.19 officer should be reversed or modified. The petition may include all documentation and

93.20 written materials that the petitioner deems to be relevant. In developing a record for

93.21 review by the board when a decision is appealed, the executive director may direct that the

93.22 applicant participate in a fact-finding session conducted by an administrative law judge

93.23 assigned by the Office of Administrative Hearings and, as applicable, participate in a

93.24 vocational assessment conducted by a qualified rehabilitation counselor on contract with

93.25 the applicable retirement system.

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

93.27 Sec. 50. Laws 2006, chapter 271, article 5, section 5, as amended by Laws 2008,

93.28 chapter 349, article 5, section 36, is amended to read:

93.29 Sec. 5. **EFFECTIVE DATE.**

93.30 (a) Sections 1, 3, and 4 are effective the day following final enactment and section 3

93.31 has effect retroactively from July 25, 2005.

93.32 (b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the

93.33 latter of:

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94.1 (1) the day after the governing body of the Cannon Falls Hospital District and its  
94.2 chief clerical officer meet the requirements under Minnesota Statutes, section 645.021,  
94.3 subdivisions 2 and 3; and

94.4 (2) the first day of the month following certification to the Cannon Falls Hospital  
94.5 District by the executive director of the Public Employees Retirement Association that the  
94.6 actuarial accrued liability of the special benefit coverage proposed for extension to the  
94.7 privatized City of Cannon Falls Hospital employees under section 1 does not exceed the  
94.8 actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as  
94.9 calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.  
94.10 The cost of the actuarial calculations must be borne by the current employer or by the  
94.11 entity which is the employer following the privatization.

94.12 (c) Section 2, with respect to Clearwater County Memorial Hospital, is effective  
94.13 upon the latter of:

94.14 (1) the day after the governing body of Clearwater County and its chief clerical  
94.15 officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2  
94.16 and 3, except that the certificate of approval must be filed before January 1, ~~2009~~ 2010; and

94.17 (2) the first day of the month following certification to Clearwater County by the  
94.18 executive director of the Public Employees Retirement Association that the actuarial  
94.19 accrued liability of the special benefit coverage proposed for extension to the privatized  
94.20 Clearwater Health Services employees under section 2 does not exceed the actuarial gain  
94.21 otherwise to be accrued by the Public Employees Retirement Association, as calculated by  
94.22 the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of  
94.23 the actuarial calculations must be borne by the current employer or by the entity which is  
94.24 the employer following the privatization.

94.25 (d) Section 2 with respect to the Dassel Lakeside Community Home is effective  
94.26 upon the latter of:

94.27 (1) the day after the governing body of the city of Dassel and its chief clerical officer  
94.28 timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2  
94.29 and 3; and

94.30 (2) the first day of the month next following certification to the Dassel City  
94.31 Council by the executive director of the Public Employees Retirement Association that  
94.32 the actuarial accrued liability of the special benefit coverage proposed for extension to  
94.33 the privatized Dassel Lakeside Community Home employees under section 2 does not  
94.34 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement  
94.35 Association, as calculated by the consulting actuary retained under Minnesota Statutes,

95.1 section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel  
95.2 or by the entity which is the employer following the privatization.

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

95.4 Sec. 51. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY;**  
95.5 **CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER**  
95.6 **CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

95.7 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,  
95.8 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and 356,  
95.9 to the contrary, this section establishes the procedures by which the executive director of  
95.10 the Public Employees Retirement Association shall adjust erroneous employee deductions  
95.11 and employer contributions paid on behalf of active employees and former members  
95.12 by the city of Duluth and by the Duluth Airport Authority on amounts determined by  
95.13 the executive director to be invalid salary under Minnesota Statutes, section 353.01,  
95.14 subdivision 10, reported between January 1, 1997, and October 23, 2008, and for  
95.15 adjusting benefits that were paid to former members and their beneficiaries based upon  
95.16 invalid salary amounts.

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

95.24 (b) The refund payment for active employees must be sent to the applicable  
95.25 governmental subdivision which must pay the refunded employee deductions plus interest  
95.26 to the active members who are employees of the city of Duluth or who are employees of  
95.27 the Duluth Airport Authority, as applicable.

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

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

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

96.1           (2) determine the amount of the overpaid benefits paid from the effective date of  
96.2 the annuity or benefit payment to the first of the month in which the monthly benefit  
96.3 amount is corrected;

96.4           (3) calculate the amount of employee deductions taken in error on invalid salary,  
96.5 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,  
96.6 from the date each invalid employee deduction was received through the date the annuity  
96.7 or benefit is adjusted as provided under clause (1); and

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

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

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

96.16           Subd. 4. **Employer credits and obligations.** (a) The executive director shall  
96.17 provide a credit without interest to the city of Duluth and to the Duluth Airport Authority  
96.18 for the amount of that governmental subdivision's erroneous employer contributions. The  
96.19 credit must first be used to offset the net amount of the overpaid retirement annuities and  
96.20 the disability and survivor benefits that remains after applying the amount of erroneous  
96.21 employee deductions with interest as provided under subdivision 3, paragraph (a),  
96.22 clause (4). The remaining erroneous employer contributions, if any, must be credited  
96.23 against future employer contributions required to be paid by the applicable governmental  
96.24 subdivision. If the overpaid benefits exceed the employer contribution credit, the balance  
96.25 of the overpaid benefits is the obligation of the city of Duluth or the Duluth Airport  
96.26 Authority, whichever is applicable.

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

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

96.34           (b) This section is effective for the Duluth Airport Authority the day after the Duluth  
96.35 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely  
96.36 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2



98.1 (2) when a city manager files a written election with the association to discontinue  
98.2 employee deductions under section 353.028, subdivision 2;~~or~~

98.3 (3) when a member transfers to a temporary position and becomes excluded from  
98.4 membership under subdivision 2b, clause (4); or

98.5 (4) when a member is approved to participate in the postretirement option authorized  
98.6 under section 353.371.

98.7 (b) The termination of membership under ~~clause~~ clauses (3) and (4) must be reported  
98.8 to the association by the governmental subdivision.

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

98.10 Sec. 2. **[353.371] POSTRETIREMENT OPTION.**

98.11 Subdivision 1. Eligibility. (a) This section applies to a basic or coordinated member  
98.12 of the general employees retirement plan of the Public Employees Retirement Association  
98.13 who:

98.14 (1) for at least the five years immediately preceding separation under clause (2), was  
98.15 regularly scheduled to work 1,044 or more hours per year in a position covered by the  
98.16 general employees retirement plan of the Public Employees Retirement Association;

98.17 (2) terminates membership as defined under section 353.01, subdivision 11b;

98.18 (3) at the time of termination under clause (2), was at least age 62 and met the age  
98.19 and service requirements necessary to receive a retirement annuity from the plan and  
98.20 satisfied requirements for the commencement of the retirement annuity;

98.21 (4) agrees to accept a postretirement option position with the same or a different  
98.22 governmental subdivision, working a reduced schedule that is both:

98.23 (i) a reduction of at least 25 percent from the employee's number of previously  
98.24 regularly scheduled work hours; and

98.25 (ii) 1,044 hours or less in public; and

98.26 (5) is not eligible for participation in the state employee postretirement option  
98.27 program under section 43A.346.

98.28 (b) For purposes of this section, the length of separation requirement and termination  
98.29 of service requirement prohibiting return to work agreements under section 353.01,  
98.30 subdivisions 11a and 28, are not applicable.

98.31 Subd. 2. Annuity reduction not applicable. Notwithstanding any law to the  
98.32 contrary, the provisions of section 353.37 governing annuities of reemployed annuitants  
98.33 do not apply for the duration of a terminated member's employment in a postretirement  
98.34 option position.

99.1            Subd. 3. **Governing body discretion.** The governing body of the governmental  
99.2 subdivision has sole discretion to determine if and the extent to which a postretirement  
99.3 option position under this section is available to a terminated member. Any offer of such  
99.4 a position must be made in writing to the person by the governing body's designee in a  
99.5 manner prescribed by the executive director.

99.6            Subd. 4. **Duration.** Postretirement option employment shall be for an initial period  
99.7 not to exceed one year. At the end of the initial period, the governing body has sole  
99.8 discretion to determine if the offer of a postretirement option position will be renewed,  
99.9 renewed with modifications, or terminated. Postretirement option employment may be  
99.10 renewed annually, but may not be renewed after the individual attains retirement age as  
99.11 defined in United States Code, title 42, section 416(l).

99.12           Subd. 5. **Copy to fund.** The appointing authority shall provide the Public  
99.13 Employees Retirement Association with documentation, as prescribed by the executive  
99.14 director, of the terms of any agreement entered into with a member who accepts continuing  
99.15 employment with the appointing authority under the terms of this section, and any  
99.16 subsequent renewal agreement.

99.17           Subd. 6. **No service credit.** Notwithstanding any law to the contrary, a person  
99.18 may not earn service credit in the general employees retirement plan of the Public  
99.19 Employees Retirement Association for employment covered under this section, and  
99.20 employer contributions and payroll deductions for the retirement fund must not be made  
99.21 based on earnings of a person working under an agreement covered by this section. No  
99.22 change may be made to a monthly annuity or retirement allowance based on employment  
99.23 under this section.

99.24           Subd. 7. **Subsequent employment.** If a person has been in a postretirement option  
99.25 position and accepts any other position in public service beyond the period of time for  
99.26 which the person participated in the postretirement option provided under this section, the  
99.27 person may not earn service credit in the general employees retirement plan of the Public  
99.28 Employees Retirement Association, no employer contributions or payroll deductions for  
99.29 the retirement fund may be made, and the provisions of section 353.37 apply.

99.30           **EFFECTIVE DATE.** This section is effective the day following final enactment  
99.31 and expires on June 30, 2011. Individuals must not be appointed to a postretirement option  
99.32 position after that date.

ARTICLE 6

TEACHER RETIREMENT BENEFIT AND FUNDING CHANGES

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100.34

Section 1. Minnesota Statutes 2008, section 127A.50, subdivision 1, is amended to read:

Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year thereafter, the commissioner of education shall adjust state aid payments to school operating funds for Independent School District No. 625 and Independent School District No. 709 by the net amount of clauses (1) ~~and~~, (2), and (5), for Special School District No. 1 by the net amount of clauses (1), (2), ~~and (4)~~, and (5), and for all other districts, including charter schools, but excluding any education organizations that are prohibited from receiving direct state aids under section 123A.26 or 125A.75, subdivision 7, by the net amount of clauses (1), (2), (3), ~~and (4)~~, and (5):

(1) a decrease equal to each district's share of the fiscal year 1997 adjustment effected under Minnesota Statutes 1996, section 124.2139;

(2) an increase equal to one percent of the salaries paid to members of the general plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by 0.35 for fiscal year 1998 and 0.70 each year thereafter;

(3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 1997; ~~and~~

(4) an increase equal to 0.5 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 2007; ~~and~~

(5) an increase equal to the specified percentage of the salaries paid to coordinated program members of the Teachers Retirement Association, to coordinated program members of the St. Paul Teachers Retirement Fund Association, and to members of the Duluth Teachers Retirement Fund Association in fiscal year 2012 as follows:

<u>fiscal year 2013</u>	<u>0.5 percent</u>
<u>fiscal year 2014</u>	<u>0.5 percent</u>
<u>fiscal year 2015</u>	<u>0.5 percent</u>
<u>fiscal year 2016</u>	<u>0.5 percent</u>

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2008, section 354.05, subdivision 38, is amended to read:

Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a~~

101.1 ~~member of the association after June 30, 1989, normal retirement age means the higher~~  
101.2 ~~of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l),~~  
101.3 ~~as amended, but not to exceed age 66. For a person with 30 years of service, normal~~  
101.4 ~~retirement age means age 62.~~

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

101.6 Sec. 3. Minnesota Statutes 2008, section 354.42, subdivision 2, is amended to read:

101.7 Subd. 2. **Employee.** (a) The employee contribution to the fund is an amount equal  
101.8 to the following percentage of the salary of a member:

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

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

101.14 <u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
101.15 <u>(1) before July 1, 2011</u>	<u>5.5 percent</u>	<u>9 percent</u>
101.16 <u>(2) after June 30, 2011, and before July</u> 101.17 <u>1, 2012</u>	<u>6 percent</u>	<u>9 percent</u>
101.18 <u>(3) after June 30, 2012, and before July</u> 101.19 <u>1, 2013</u>	<u>6.5 percent</u>	<u>9 percent</u>
101.20 <u>(4) unless paragraph (c) applies, after</u> 101.21 <u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9 percent</u>
101.22 <u>(5) unless paragraph (c) applies, after</u> 101.23 <u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9 percent</u>

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

101.27 (c) After July 1, 2012, a scheduled contribution increase under paragraph (a),  
101.28 clause (4) or (5), is suspended if the most recent actuarial valuation prepared under  
101.29 section 356.215 indicates that there is no contribution deficiency when the total employee  
101.30 contributions, employer contributions under subdivision 3, and direct state aid under  
101.31 section 354A.12 and chapter 422A are compared to the actuarial required contributions of  
101.32 the retirement plan.

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

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

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102.1 Sec. 4. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

102.2 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special  
102.3 School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an  
102.4 amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated  
102.5 member and 9.0 percent of the salary of each of its teachers who is a basic member. After  
102.6 July 1, 2007, and before July 1, 2012, the regular employer contribution to the fund by  
102.7 Special School District No. 1, Minneapolis, is an amount equal to 5.5 percent of salary of  
102.8 each coordinated member and 9.5 percent of salary of each basic member. The additional  
102.9 employer contribution to the fund by Special School District No. 1, Minneapolis, after  
102.10 July 1, 2006, is an amount equal to 3.64 percent of the salary of each teacher who is a  
102.11 coordinated member or is a basic member. The regular employer contribution to the  
102.12 fund by Special School District No. 1, Minneapolis, is an amount equal to the following  
102.13 percentage of the salary of each teacher:

102.14 <u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
102.15 <u>(1) before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
102.16 <u>(2) after June 30, 2011, and before July</u> 102.17 <u>1, 2012</u>	<u>6 percent</u>	<u>9.5 percent</u>
102.18 <u>(3) after June 30, 2012, and before July</u> 102.19 <u>1, 2013</u>	<u>6.5 percent</u>	<u>9.5 percent</u>
102.20 <u>(4) unless paragraph (d) applies, after</u> 102.21 <u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9.5 percent</u>
102.22 <u>(5) unless paragraph (d) applies, after</u> 102.23 <u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9.5 percent</u>

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

102.27 ~~(b)~~ (c) The employer contribution to the fund for every other employer is an amount  
102.28 equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary  
102.29 of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated  
102.30 member and 9.5 percent of the salary of each basic member after June 30, 2007-, and  
102.31 before July 1, 2012. The regular employer contribution to the fund by every other  
102.32 employer is an amount equal to the following percentage of the salary of each teacher:

102.33 <u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
102.34 <u>(1) after June 30, 2012, and before July</u> 102.35 <u>1, 2013</u>	<u>6 percent</u>	<u>9.5 percent</u>
102.36 <u>(2) after June 30, 2013, and before July</u> 102.37 <u>1, 2014</u>	<u>6.5 percent</u>	<u>9.5 percent</u>

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103.1	<u>(3) unless paragraph (d) applies, after</u>		
103.2	<u>June 30, 2014, and before July 1, 2015</u>	<u>7 percent</u>	<u>9.5 percent</u>
103.3	<u>(4) unless paragraph (d) applies, after</u>		
103.4	<u>June 30, 2015</u>	<u>7.5 percent</u>	<u>9.5 percent</u>

103.5 (d) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause  
103.6 (4) or (5), and paragraph (c), clause (3) or (4), is suspended if the most recent actuarial  
103.7 valuation prepared under section 356.215 indicates that there is no contribution deficiency  
103.8 when the total employee contributions, employer contributions under subdivision 3, and  
103.9 direct state aid under section 354A.12 and chapter 422A are compared to the actuarial  
103.10 required contributions of the retirement plan.

103.11 **EFFECTIVE DATE.** This section is effective July 1, 2012.

103.12 Sec. 5. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision  
103.13 to read:

103.14 **Subd. 4b. Determination.** (a) For purposes of this section, a contribution  
103.15 sufficiency exists if the total of the employee contributions, the employer contributions,  
103.16 and any additional employer contributions, if applicable, exceeds the total of the normal  
103.17 cost, the administrative expenses, and the amortization contribution of the retirement  
103.18 plan as reported in the most recent actuarial valuation of the retirement plan prepared by  
103.19 the actuary retained under section 356.214 and prepared under section 356.215 and the  
103.20 standards for actuarial work of the Legislative Commission on Pensions and Retirement.

103.21 (b) For purposes of this section, a contribution deficiency exists if the total employee  
103.22 contributions, the employer contributions, and any additional employer contributions are  
103.23 less than the total of the normal cost, the administrative expenses, and the amortization  
103.24 contribution of the retirement plan as reported in the most recent actuarial valuation of the  
103.25 retirement plan prepared by the actuary retained under section 356.214 and prepared under  
103.26 section 356.215 and the standards for actuarial work of the Legislative Commission on  
103.27 Pensions and Retirement.

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

103.29 Sec. 6. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision  
103.30 to read:

103.31 **Subd. 4c. Contribution rate revision.** Notwithstanding the contribution rate  
103.32 provisions stated in plan law, the employee and employer contribution rates must be  
103.33 adjusted:

104.1 (1) if after July 1, 2014, the regular actuarial valuations of the plan under section  
104.2 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal to  
104.3 or greater than 0.5 percent of covered payroll for two consecutive years, the employee  
104.4 and employer contribution rates for the plan must be decreased as determined under  
104.5 subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of  
104.6 covered payroll based on the most recent actuarial valuation; or

104.7 (2) if after July 1, 2014, the regular actuarial valuations of the plan under section  
104.8 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of covered  
104.9 payroll for two consecutive years, the employee and employer contribution rates for  
104.10 the plan must be increased as determined under subdivision 4 to a level such that no  
104.11 deficiency exists based on the most recent actuarial valuation.

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

104.13 Sec. 7. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision  
104.14 to read:

104.15 Subd. 4d. **Reporting, commission review.** (a) The contribution rate increase  
104.16 or decrease must be determined by the executive director of the Teachers Retirement  
104.17 Association, must be reported to the chair and the executive director of the Legislative  
104.18 Commission on Pensions and Retirement on or before the next February 1, and, if the  
104.19 Legislative Commission on Pensions and Retirement does not recommend against the  
104.20 rate change or does not recommend a modification in the rate change, is effective on the  
104.21 next July 1 following the determination by the executive director that a contribution  
104.22 deficiency or sufficiency has existed for two consecutive fiscal years based on the most  
104.23 recent actuarial valuations under section 356.215. If the actuarially required contribution  
104.24 exceeds or is less than the total support provided by the combined employee and employer  
104.25 contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the  
104.26 plan employee and employer contribution rates must be adjusted incrementally over one  
104.27 or more years to a level such that there remains a contribution sufficiency of no more than  
104.28 0.25 percent of covered payroll.

104.29 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the  
104.30 employee or employer contribution rates per year in which any adjustment is implemented.  
104.31 A contribution rate adjustment under this section must not be made until at least two years  
104.32 have passed since fully implementing a previous adjustment under this section.

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

105.1 Sec. 8. Minnesota Statutes 2008, section 354.44, subdivision 6, is amended to read:

105.2 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula  
 105.3 retirement annuity must be computed in accordance with the applicable provisions of the  
 105.4 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under  
 105.5 section 354.05, subdivision 13a, for the period of the member's formula service credit.

105.6 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first  
 105.7 became a member of the association or a member of a pension fund listed in section  
 105.8 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with  
 105.9 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The  
 105.10 average salary as defined in section 354.05, subdivision 13a, multiplied by the following  
 105.11 percentages per year of formula service credit ~~shall determine~~ determines the amount  
 105.12 of the annuity to which the member qualifying therefor is entitled for service rendered  
 105.13 before July 1, 2006:

	Coordinated Member	Basic Member
105.14 105.15 Each year of service during 105.16 first ten 105.17	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
105.18 Each year of service 105.19 thereafter 105.20	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

105.21 For service rendered on or after July 1, 2006, the average salary as defined in section  
 105.22 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,  
 105.23 determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
105.24 105.25 Each year of service during 105.26 first ten 105.27	the percent specified in section 356.315, subdivision 1a, per year	the percent specified in section 356.315, subdivision 3, per year
105.28 Each year of service after 105.29 ten years of service 105.30	the percent specified in section 356.315, subdivision 2b, per year	the percent specified in section 356.315, subdivision 4, per year

105.31 (c)(i) This paragraph applies only to a person who first became a member of the  
 105.32 association or a member of a pension fund listed in section 356.30, subdivision 3, before  
 105.33 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in  
 105.34 conjunction with this paragraph than when calculated under paragraph (d), in conjunction  
 105.35 with paragraph (e).

105.36 (ii) Where any member retires prior to normal retirement age under a formula  
 105.37 annuity, the member ~~shall~~ must be paid a retirement annuity in an amount equal to the  
 105.38 normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each  
 105.39 month that the member is under normal retirement age at the time of retirement except

106.1 that for any member who has 30 or more years of allowable service credit, the reduction  
106.2 ~~shall~~ must be applied only for each month that the member is under age 62.

106.3 (iii) Any member whose attained age plus credited allowable service totals 90 years  
106.4 is entitled, upon application, to a retirement annuity in an amount equal to the normal  
106.5 annuity provided in paragraph (b), without any reduction by reason of early retirement.

106.6 (d) This paragraph applies to a member who has become at least 55 years old and  
106.7 first became a member of the association after June 30, 1989, and to any other member  
106.8 who has become at least 55 years old and whose annuity amount when calculated under  
106.9 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated  
106.10 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average  
106.11 salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified  
106.12 by section 356.315, subdivision 4, for each year of service for a basic member ~~shall~~  
106.13 ~~determine~~ determines the amount of the retirement annuity to which the basic member is  
106.14 entitled. The annuity of a basic member who was a member of the former Minneapolis  
106.15 Teachers Retirement Fund Association as of June 30, 2006, must be determined according  
106.16 to the annuity formula under the articles of incorporation of the former Minneapolis  
106.17 Teachers Retirement Fund Association in effect as of that date. For a coordinated member,  
106.18 the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent  
106.19 specified in section 356.315, subdivision 2, for each year of service rendered before July  
106.20 1, 2006, ~~and~~ by the percent specified in section 356.315, subdivision 2b, for each year  
106.21 of service rendered on or after July 1, 2006, and before July 1, 2011, and by the percent  
106.22 specified in section 356.315, subdivision 2c, for each year of service rendered after June  
106.23 30, 2011, determines the amount of the retirement annuity to which the coordinated  
106.24 member is entitled. For a member who has 30 or more years of allowable service credit,  
106.25 the person's normal retirement age is age 62 and the age 55 minimum early reduced benefit  
106.26 retirement age does not apply to the person.

106.27 (e) This paragraph applies to a person who has become at least 55 years old and first  
106.28 becomes a member of the association after June 30, 1989, and to any other member who  
106.29 has become at least 55 years old and whose annuity is higher when calculated under  
106.30 paragraph (d) in conjunction with this paragraph than when calculated under paragraph  
106.31 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity  
106.32 before the normal retirement age as defined by section 354.05, subdivision 38, ~~shall~~ must  
106.33 be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity  
106.34 is the actuarial equivalent of the annuity that would be payable to the employee if the  
106.35 employee deferred receipt of the annuity and the annuity amount were augmented at an  
106.36 annual rate of three percent compounded annually from the day the annuity begins to

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107.1 accrue until the normal retirement age if the employee became an employee before July 1,  
107.2 2006, and at 2.5 percent compounded annually if the employee becomes an employee after  
107.3 June 30, 2006. For a member who has 30 or more years of allowable service credit, the  
107.4 person's normal retirement age is age 62 and the age 55 minimum early reduced benefit  
107.5 retirement age does not apply to the person.

107.6 (f) No retirement annuity is payable to a former employee with a salary that exceeds  
107.7 95 percent of the governor's salary unless and until the salary figures used in computing  
107.8 the highest five successive years average salary under paragraph (a) have been audited by  
107.9 the Teachers Retirement Association and determined by the executive director to comply  
107.10 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

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

107.12 Sec. 9. Minnesota Statutes 2008, section 354A.011, subdivision 15a, is amended to  
107.13 read:

107.14 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~  
107.15 ~~person who first became a member of the coordinated program of the St. Paul Teachers~~  
107.16 ~~Retirement Fund Association or the new law coordinated program of the Duluth Teachers~~  
107.17 ~~Retirement Fund Association or a member of a pension fund listed in section 356.30,~~  
107.18 ~~subdivision 3, before July 1, 1989. For a person who first became a member of the~~  
107.19 ~~coordinated program of the St. Paul Teachers Retirement Fund Association or the new law~~  
107.20 ~~coordinated program of the Duluth Teachers Retirement Fund Association after June 30,~~  
107.21 ~~1989, normal retirement age means the higher of age 65 or retirement age, as defined in~~  
107.22 ~~United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a~~  
107.23 person with 30 years of service, normal retirement age means age 62. For a person who is  
107.24 a member of the basic program of the St. Paul Teachers Retirement Fund Association or  
107.25 the old law coordinated program of the Duluth Teachers Retirement Fund Association,  
107.26 normal retirement age means the age at which a teacher becomes eligible for a normal  
107.27 retirement annuity computed upon meeting the age and service requirements specified  
107.28 in the applicable provisions of the articles of incorporation or bylaws of the respective  
107.29 teachers retirement fund association.

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

107.31 Sec. 10. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

108.1 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid  
 108.2 by each member of a teachers retirement fund association ~~shall~~ must not be less than the  
 108.3 percentage of total salary specified below for the applicable association and program:

108.4 Association and Program	Percentage of Total Salary
108.5 Duluth Teachers Retirement Fund Association	
108.6 old law and new law	
108.7 coordinated programs	<del>5.5 percent</del>
108.8 <u>(1) before July 1, 2011</u>	<u>5.5 percent</u>
108.9 <u>(2) after June 30, 2011, and before July 1, 2012</u>	<u>6 percent</u>
108.10 <u>(3) after June 30, 2012, and before July 1, 2013</u>	<u>6.5 percent</u>
108.11 <u>(4) unless paragraph (b) applies, after June 30,</u>	
108.12 <u>2013, and before July 1, 2014</u>	<u>7 percent</u>
108.13 <u>(5) unless paragraph (b) applies, after June 30,</u>	
108.14 <u>2014</u>	<u>7.5 percent</u>
108.15 St. Paul Teachers Retirement Fund Association	
108.16 basic program	8 percent
108.17 coordinated program	<del>5.5 percent</del>
108.18 <u>(6) before July 1, 2011</u>	<u>5.5 percent</u>
108.19 <u>(7) after June 30, 2011, and before July 1, 2012</u>	<u>6 percent</u>
108.20 <u>(8) after June 30, 2012, and before July 1, 2013</u>	<u>6.5 percent</u>
108.21 <u>(9) unless paragraph (b) applies, after June 30,</u>	
108.22 <u>2013, and before July 1, 2014</u>	<u>7 percent</u>
108.23 <u>(10) unless paragraph (b) applies, after June 30,</u>	
108.24 <u>2014</u>	<u>7.5 percent</u>

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

108.28 (c) After July 1, 2012, a scheduled contribution increase under paragraph (a),  
 108.29 clause (4), (5), (9), or (10), is suspended if the most recent actuarial valuation prepared  
 108.30 under section 356.215 indicates that there is no contribution deficiency when the total  
 108.31 employee contributions, employer contributions under subdivision 3, and direct state aid  
 108.32 are compared to the actuarial required contributions of the retirement plan.

108.33 (d) Contributions shall ~~shall~~ must be made by deduction from salary and must be remitted  
 108.34 directly to the respective teachers retirement fund association at least once each month.

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

108.36 Sec. 11. Minnesota Statutes 2008, section 354A.12, subdivision 2a, is amended to read:

108.37 Subd. 2a. **Employer regular and additional contribution rates.** (a) The  
 108.38 employing units shall make the following employer contributions to teachers retirement  
 108.39 fund associations:

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

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

109.7	Duluth Teachers Retirement	
109.8	Fund Association	<del>4.50 percent</del>
109.9	<u>(A) before July 1, 2012</u>	<u>4.5 percent</u>
109.10	<u>(B) after June 30, 2012, and</u>	
109.11	<u>before July 1, 2013</u>	<u>5 percent</u>
109.12	<u>(C) after June 30, 2013, and</u>	
109.13	<u>before July 1, 2014</u>	<u>5.5 percent</u>
109.14	<u>(D) unless clause (3) applies,</u>	
109.15	<u>after June 30, 2014, and before</u>	
109.16	<u>July 1, 2015</u>	<u>6 percent</u>
109.17	<u>(E) unless clause (3) applies,</u>	
109.18	<u>after June 30, 2015</u>	<u>6.5 percent</u>
109.19	St. Paul Teachers Retirement	
109.20	Fund Association	<del>4.50 percent</del>
109.21	<u>(F) before July 1, 2012</u>	<u>4.5 percent</u>
109.22	<u>(G) after June 30, 2012, and</u>	
109.23	<u>before July 1, 2013</u>	<u>5 percent</u>
109.24	<u>(H) after June 30, 2013, and</u>	
109.25	<u>before July 1, 2014</u>	<u>5.5 percent</u>
109.26	<u>(I) unless clause (3) applies,</u>	
109.27	<u>after June 30, 2014, and before</u>	
109.28	<u>July 1, 2015</u>	<u>6 percent</u>
109.29	<u>(J) unless clause (3) applies,</u>	
109.30	<u>after June 30, 2015</u>	<u>6.5 percent</u>

109.31 (3) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause  
109.32 (2), item (D), (E), (I), or (J), is suspended if the most recent actuarial valuation prepared  
109.33 under section 356.215 indicates that there is no contribution deficiency when the total  
109.34 employee contributions, employer contributions under subdivision 3, and direct state aid  
109.35 are compared to the actuarial required contributions of the retirement plan;

109.36 (4) for any basic member of the St. Paul Teachers Retirement Fund Association, the  
109.37 employing unit shall make a regular employer contribution to the respective retirement  
109.38 fund in an amount equal to 8.00 percent of the salary of the basic member;

109.39 ~~(4)~~ (5) for a basic member of the St. Paul Teachers Retirement Fund Association, the  
109.40 employing unit shall make an additional employer contribution to the respective fund in  
109.41 an amount equal to 3.64 percent of the salary of the basic member;

110.1 ~~(5)~~ (6) for a coordinated member of a teachers retirement fund association in a city  
110.2 of the first class, the employing unit shall make an additional employer contribution to  
110.3 the respective fund in an amount equal to the applicable percentage of the coordinated  
110.4 member's salary, as provided below:

110.5	Duluth Teachers Retirement	
110.6	Fund Association	1.29 percent
110.7	St. Paul Teachers Retirement	
110.8	Fund Association	
110.9	July 1, 1993 - June 30, 1994	0.50 percent
110.10	July 1, 1994 - June 30, 1995	1.50 percent
110.11	July 1, 1997, and thereafter	3.84 percent

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

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

110.18 ~~(e)~~ (d) Payments of regular and additional employer contributions for school district  
110.19 or technical college employees who are paid from normal operating funds must be made  
110.20 from the appropriate fund of the district or technical college.

110.21 **EFFECTIVE DATE.** This section is effective July 1, 2012.

110.22 Sec. 12. Minnesota Statutes 2008, section 354A.12, is amended by adding a  
110.23 subdivision to read:

110.24 **Subd. 4a. Determination.** (a) For purposes of this section, a contribution sufficiency  
110.25 exists if, for purposes of the applicable plan, the total of the employee contributions,  
110.26 the employer contributions, and any additional employer contributions, if applicable,  
110.27 exceeds the total of the normal cost, the administrative expenses, and the amortization  
110.28 contribution of the retirement plan as reported in the most recent actuarial valuation of the  
110.29 retirement plan prepared by the actuary retained under section 356.214 and prepared under  
110.30 section 356.215 and the standards for actuarial work of the Legislative Commission on  
110.31 Pensions and Retirement.

110.32 (b) For purposes of this section, a contribution deficiency exists if, for the applicable  
110.33 plan, the total employee contributions, employer contributions, and any additional  
110.34 employer contributions are less than the total of the normal cost, the administrative  
110.35 expenses, and the amortization contribution of the retirement plan as reported in the most  
110.36 recent actuarial valuation of the retirement plan prepared by the actuary retained under

111.1 section 356.214 and prepared under section 356.215 and the standards for actuarial work  
111.2 of the Legislative Commission on Pensions and Retirement.

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

111.4 Sec. 13. Minnesota Statutes 2008, section 354A.12, is amended by adding a  
111.5 subdivision to read:

111.6 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate  
111.7 provisions stated in plan law, the employee and employer contribution rates must be  
111.8 adjusted:

111.9 (1) if after July 1, 2014, the regular actuarial valuations of the applicable plan under  
111.10 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal  
111.11 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee  
111.12 and employer contribution rates for the applicable plan must be decreased as determined  
111.13 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of  
111.14 covered payroll based on the most recent actuarial valuation; or

111.15 (2) if after July 1, 2014, the regular actuarial valuations of the applicable plan under  
111.16 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of  
111.17 covered payroll for two consecutive years, the employee and employer contribution rates  
111.18 for the applicable plan must be increased as determined under subdivision 4 to a level such  
111.19 that no deficiency exists based on the most recent actuarial valuation.

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

111.21 Sec. 14. Minnesota Statutes 2008, section 354A.12, is amended by adding a  
111.22 subdivision to read:

111.23 Subd. 4c. **Reporting, commission review.** (a) The contribution rate increase or  
111.24 decrease must be determined by the executive director of the Duluth Teachers Retirement  
111.25 Fund Association or the St. Paul Teachers Retirement Fund Association, and must be  
111.26 reported to the chair and the executive director of the Legislative Commission on Pensions  
111.27 and Retirement on or before the next February 1, and, if the Legislative Commission  
111.28 on Pensions and Retirement does not recommend against the rate change or does not  
111.29 recommend a modification in the rate change, is effective on the next July 1 following  
111.30 the determination by the executive director that a contribution deficiency or sufficiency  
111.31 has existed for two consecutive fiscal years based on the most recent actuarial valuations  
111.32 under section 356.215. If the actuarially required contribution exceeds or is less than  
111.33 the total support provided by the combined employee and employer contribution rates

112.1 for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan  
112.2 employee and employer contribution rates must be adjusted incrementally over one or  
112.3 more years to a level such that there remains a contribution sufficiency of no more than  
112.4 0.25 percent of covered payroll.

112.5 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the  
112.6 employee or employer contribution rates per year in which any adjustment is implemented.  
112.7 For an applicable plan, a contribution rate adjustment under this section must not be  
112.8 made until at least two years have passed since fully implementing a previous adjustment  
112.9 under this section.

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

112.11 Sec. 15. Minnesota Statutes 2008, section 354A.31, subdivision 4, is amended to read:

112.12 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul**  
112.13 **fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers  
112.14 Retirement Fund Association.

112.15 (b) The normal coordinated retirement annuity is an amount equal to a retiring  
112.16 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied  
112.17 by the retirement annuity formula percentage.

112.18 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first  
112.19 became a member or a member in a pension fund listed in section 356.30, subdivision 3,  
112.20 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a  
112.21 higher annuity amount, in which case paragraph (d) will apply. ~~The retirement annuity~~  
112.22 ~~formula percentage for purposes of this paragraph is the percent specified in section~~  
112.23 ~~356.315, subdivision 1, per year for each year of coordinated service for the first ten years~~  
112.24 ~~and the percent specified in section 356.315, subdivision 2, for each year of coordinated~~  
112.25 ~~service thereafter.~~ The average salary multiplied by the following retirement annuity  
112.26 formula percentage per year of allowable service determines the amount of the annuity to  
112.27 which the member qualifying therefor is entitled for service rendered before July 1, 2011:

112.28 <u>Each year of service during first ten years</u>	<u>the percent specified in section 356.315,</u>
112.29	<u>subdivision 1, per year</u>
112.30 <u>Each year of service thereafter</u>	<u>the percent specified in section 356.315,</u>
112.31	<u>subdivision 2, per year</u>

112.32 For service rendered on or after July 1, 2011, the average salary multiplied by the  
112.33 following retirement annuity formula percentage per year of allowable service determines  
112.34 the amount of the annuity to which the member qualifying therefor is entitled:

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113.1 Each year of service during first ten years the percent specified in section 356.315,  
113.2 subdivision 1a, per year

113.3 Each year of service thereafter the percent specified in section 356.315,  
113.4 subdivision 2b, per year

113.5 (d) This paragraph applies to a person who has become at least 55 years old and who  
113.6 first becomes a member after June 30, 1989, and to any other member who has become  
113.7 at least 55 years old and whose annuity amount, when calculated under this paragraph  
113.8 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph  
113.9 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula  
113.10 percentage for purposes of this paragraph is the percent specified in section 356.315,  
113.11 subdivision 2, for each year of coordinated service before July 1, 2011, and by the percent  
113.12 specified in section 356.315, subdivision 2c, for each year of service rendered after June  
113.13 30, 2011. For a member who has 30 or more years of allowable service credit, the person's  
113.14 normal retirement age is age 62 and the age 55 minimum early reduced benefit retirement  
113.15 age does not apply to the person.

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

113.17 Sec. 16. Minnesota Statutes 2008, section 354A.31, subdivision 4a, is amended to read:

113.18 Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth**  
113.19 **fund.** (a) This subdivision applies to the new law coordinated program of the Duluth  
113.20 Teachers Retirement Fund Association.

113.21 (b) The normal coordinated retirement annuity is an amount equal to a retiring  
113.22 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied  
113.23 by the retirement annuity formula percentage.

113.24 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first  
113.25 became a member or a member in a pension fund listed in section 356.30, subdivision 3,  
113.26 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a  
113.27 higher annuity amount, in which case paragraph (d) applies. ~~The retirement annuity~~  
113.28 ~~formula percentage for purposes of this paragraph is the percent specified in section~~  
113.29 ~~356.315, subdivision 1, per year for each year of coordinated service for the first ten years~~  
113.30 ~~and the percent specified in section 356.315, subdivision 2, for each subsequent year of~~  
113.31 ~~coordinated service. The average salary multiplied by the following retirement annuity~~  
113.32 formula percentage per year of allowable service determines the amount of the annuity to  
113.33 which the member qualifying therefor is entitled for service rendered before July 1, 2011:

**S.F. No. 191, 2nd Engrossment - 86th Legislative Session (2009-2010) [s0191-2]**

114.1 Each year of service during first ten years the percent specified in section 356.315,  
114.2 subdivision 1, per year

114.3 Each year of service thereafter the percent specified in section 356.315,  
114.4 subdivision 2, per year

114.5 For service rendered on or after July 1, 2011, the average salary multiplied by the  
114.6 following retirement annuity formula percentage per year of allowable service determines  
114.7 the amount of the annuity to which the member qualifying therefor is entitled:

114.8 Each year of service during first ten years the percent specified in section 356.315,  
114.9 subdivision 1a, per year

114.10 Each year of service thereafter the percent specified in section 356.315,  
114.11 subdivision 2b, per year

114.12 (d) This paragraph applies to a person who is at least 55 years old and who first  
114.13 becomes a member after June 30, 1989, and to any other member who is at least 55 years  
114.14 old and whose annuity amount, when calculated under this paragraph and in conjunction  
114.15 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction  
114.16 with subdivision 6. The retirement annuity formula percentage for purposes of this  
114.17 paragraph is the percent specified in section 356.315, subdivision 2, for each year of  
114.18 coordinated service before July 1, 2011, and by the percent specified in section 356.315,  
114.19 subdivision 2c, for each year of service rendered after June 30, 2011. For a member who  
114.20 has 30 or more years of allowable service credit, the person's normal retirement age is  
114.21 age 62 and the age 55 minimum early reduced benefit retirement age does not apply  
114.22 to the person.

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

114.24 Sec. 17. Minnesota Statutes 2008, section 354A.31, subdivision 7, is amended to read:

114.25 Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to  
114.26 a person who has become at least 55 years old and first becomes a coordinated member  
114.27 after June 30, 1989, and to any other coordinated member who has become at least 55  
114.28 years old and whose annuity is higher when calculated using the retirement annuity  
114.29 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in  
114.30 conjunction with this subdivision than when calculated under subdivision 4, paragraph  
114.31 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated  
114.32 member who retires before the full benefit age ~~shall~~ as defined by section 354A.011,  
114.33 subdivision 15a, must be paid the retirement annuity calculated using the retirement  
114.34 annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph  
114.35 (d), reduced so that the reduced annuity is the actuarial equivalent of the annuity that  
114.36 would be payable to the member if the member deferred receipt of the annuity and the

115.1 annuity amount were augmented at an annual rate of three percent compounded annually  
115.2 from the day the annuity begins to accrue until the normal retirement age if the employee  
115.3 became an employee before July 1, 2006, and at 2.5 percent compounded annually  
115.4 from the day the annuity begins to accrue until the normal retirement age if the person  
115.5 initially becomes a teacher after June 30, 2006. For a member who has 30 or more years  
115.6 of allowable service credit, the person's normal retirement age is age 62 and the age 55  
115.7 minimum early reduced benefit retirement age does not apply to the person.

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

115.9 Sec. 18. Minnesota Statutes 2008, section 356.315, is amended by adding a subdivision  
115.10 to read:

115.11 Subd. 2c. **Certain coordinated members.** The applicable benefit accrual rate  
115.12 is 2.1 percent.

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

## 115.14 **ARTICLE 7**

### 115.15 **MNSCU RELATED RETIREMENT PROVISIONS**

115.16 Section 1. **[136F.481] EARLY SEPARATION INCENTIVE PROGRAM.**

115.17 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees  
115.18 of the Minnesota State Colleges and Universities may offer a targeted early separation  
115.19 incentive program for its employees.

115.20 (b) The early separation incentive program may include one or both of the following:

115.21 (1) cash incentives, not to exceed one year of base salary; or

115.22 (2) employer contributions to the postretirement healthcare savings plan established  
115.23 under section 352.98.

115.24 (c) To be eligible to receive an incentive, an employee must be at least age 55  
115.25 and must have at least five years of employment by the Minnesota State Colleges and  
115.26 Universities System. The board of trustees shall establish the eligibility requirements  
115.27 for system employees to receive an incentive. The board of trustees shall file a copy  
115.28 of its proposed eligibility requirements with the chairs and ranking members of the  
115.29 Senate Committee on Higher Education and the Higher Education Budget and Policy  
115.30 Division of the Senate Committee on Finance and with the chair and ranking members of  
115.31 the Higher Education and Workforce Development Finance and Policy Division of the  
115.32 Finance Committee of the House of Representatives at least 30 days before their final  
115.33 adoption by the board of trustees, shall post the same document on the system website at

116.1 the same time, and shall hold a public hearing on the proposed eligibility requirements.

116.2 The type and any additional amount of the incentive to be offered may vary by employee  
116.3 classification, as specified by the board.

116.4 (d) The president of a college or university, consistent with paragraphs (b) and  
116.5 (c), may designate:

116.6 (1) specific departments or programs at the college or university whose employees  
116.7 are eligible to be offered the incentive program; or

116.8 (2) positions at the college or university eligible to be offered the incentive program.

116.9 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

116.10 (1) system office divisions whose employees are eligible to be offered the incentive  
116.11 program; or

116.12 (2) positions at the system office eligible to be offered the incentive program.

116.13 (f) Acceptance of the offered incentive must be voluntary on the part of the employee  
116.14 and must be in writing. The incentive may only be offered at the sole discretion of the  
116.15 president of the applicable college or university.

116.16 (g) A decision by the president of a college or university or by the chancellor not to  
116.17 offer an incentive may not be challenged.

116.18 (h) The cost of the incentive is payable by the college or university on whose behalf  
116.19 the president offered the incentive or from the system office budget if the chancellor  
116.20 offered the incentive. If a college or university is merged, the remaining cost of any  
116.21 early separation incentive must be borne by the successor institution. If a college or  
116.22 university is closed, the remaining cost of any early separation incentive must be borne  
116.23 by the board of trustees.

116.24 (i) Annually, the chancellor and the president of each college or university must  
116.25 report on the number and types of early separation incentives which were offered and  
116.26 utilized under this section. The report must be filed annually with the board of trustees and  
116.27 with the Legislative Reference Library on or before September 1.

116.28 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final  
116.29 enactment and expires June 30, 2014.

116.30 **Sec. 2. [136F.482] APPLICATION OF OTHER LAWS.**

116.31 Unilateral implementation of section 136F.481 by the Board of Trustees of the  
116.32 Minnesota State Colleges and Universities, by the chancellor, or by a president of a college  
116.33 or university is not an unfair labor practice under chapter 179A.

117.1 EFFECTIVE DATE; SUNSET. This section is effective the day following final  
117.2 enactment and expires June 30, 2014.

117.3 Sec. 3. Minnesota Statutes 2008, section 354B.21, subdivision 2, is amended to read:

117.4 Subd. 2. **Coverage; election.** ~~(a) For Eligible persons who were employed by~~  
117.5 ~~the former state university system or the former community college system before May~~  
117.6 ~~1, 1995, the person has the retirement coverage that the person had for employment~~  
117.7 ~~immediately before May 1, 1995.~~

117.8 ~~(b) For all other eligible persons~~ (a) Eligible persons who were employed by  
117.9 the Minnesota State Colleges and Universities System on or after June 30, 2009,  
117.10 unless otherwise specified in this section, ~~the eligible person is~~ are authorized to elect  
117.11 prospective Teachers Retirement Association plan coverage rather than coverage by  
117.12 the plan established by this chapter. The election of prospective Teachers Retirement  
117.13 Association plan coverage ~~shall~~ must be made within one year of commencing eligible  
117.14 Minnesota State Colleges and Universities system employment. If an election is not made  
117.15 within the specified election period due to a termination of Minnesota State Colleges and  
117.16 Universities system employment, an election may be made within 90 days of returning to  
117.17 eligible Minnesota State Colleges and Universities system employment. All elections are  
117.18 irrevocable. ~~Prior to~~ Before making an election, the eligible person ~~shall be~~ is covered by  
117.19 the plan indicated as default coverage under subdivision 3.

117.20 (b) Except as provided in paragraph (c), a purchase of service credit in the Teachers  
117.21 Retirement Association plan for any period or periods of Minnesota State Colleges and  
117.22 Universities system employment occurring ~~prior to~~ before the election under paragraph  
117.23 ~~(b)~~ (a) is prohibited.

117.24 (c) Notwithstanding paragraphs (a) and (b), a faculty member who is a member of  
117.25 the individual retirement account plan who first achieves tenure or its equivalent at a  
117.26 Minnesota state college or university after June 30, 2009, may elect to transfer retirement  
117.27 coverage under the teachers retirement plan within one year of the faculty member  
117.28 achieving tenure or its equivalent at a Minnesota state college or university. The faculty  
117.29 member electing Teachers Retirement Association coverage under this paragraph must  
117.30 purchase service credit in the Teachers Retirement Association for the entire period of  
117.31 time covered under the individual retirement account plan and the purchase payment  
117.32 amount must be determined under section 356.551. The Teachers Retirement Association  
117.33 may charge a faculty member transferring coverage a reasonable fee to cover the costs  
117.34 associated with computing the actuarial cost of purchasing service credit and making the  
117.35 transfer. A faculty member transferring from the individual retirement account plan to the

118.1 Teachers Retirement Association may use any balances to the credit of the faculty member  
118.2 in the individual retirement account plan, any balances to the credit of the faculty member  
118.3 in the higher education supplemental retirement plan established under chapter 354C, or  
118.4 any source specified in section 356.441, subdivision 1, to purchase the service credit in the  
118.5 Teachers Retirement Association. If the total amount of payments under this paragraph are  
118.6 less than the total purchase payment amount under section 356.551, the payment amounts  
118.7 must be refunded to the applicable source. The retirement coverage transfer and service  
118.8 credit purchase authority under this paragraph expires with respect to any Minnesota State  
118.9 Colleges and Universities System faculty initially hired after June 30, 2014.

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

## 118.11 **ARTICLE 8**

### 118.12 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION**

#### 118.13 **POSTRETIREMENT ADJUSTMENTS**

118.14 Section 1. Minnesota Statutes 2008, section 354A.29, subdivision 3, is amended to  
118.15 read:

118.16 Subd. 3. **Postretirement adjustment.** (a) The postretirement adjustment described  
118.17 ~~in the articles and bylaws of the St. Paul Teachers Retirement Fund Association~~ this  
118.18 section must be determined by the executive director of the St. Paul Teachers Retirement  
118.19 Fund Association and approved by the board annually after June 30 using the procedures  
118.20 under this section.

118.21 (b) On January 1, each eligible person who has been receiving an annuity or benefit  
118.22 under the articles of incorporation, the bylaws, or this chapter for at least ~~12~~ three calendar  
118.23 months as of the end of the fiscal last day of the previous calendar year is eligible to  
118.24 receive a postretirement adjustment of 2.0 percent that is payable each January 1 increase  
118.25 as further specified in this subdivision.

118.26 (c) A percentage adjustment must be computed and paid under this subdivision to  
118.27 eligible persons under paragraph (b). This adjustment is determined by reference to the  
118.28 Consumer Price Index for urban wage earners and clerical workers all items index as  
118.29 reported by the Bureau of Labor Statistics within the United States Department of Labor  
118.30 each year as part of the determination of annual cost-of-living adjustments to recipients of  
118.31 federal old-age, survivors, and disability insurance. For calculations of the cost-of-living  
118.32 adjustment under paragraph (d), the term "average third quarter Consumer Price Index  
118.33 value" means the sum of the monthly index values as initially reported by the Bureau of  
118.34 Labor Statistics for the months of July, August, and September, divided by 3.

119.1 (d) Before January 1 of each year, the executive director must calculate the amount  
119.2 of the cost-of-living adjustment by dividing the most recent average third quarter index  
119.3 value by the same average third quarter index value from the previous year, subtract one  
119.4 from the resulting quotient, and express the result as a percentage amount, which must be  
119.5 rounded to the nearest one-tenth of one percent.

119.6 (e) The amount calculated under paragraph (d) is the full cost-of-living adjustment  
119.7 to be applied as a permanent increase to the regular payment of each eligible member  
119.8 on January 1 of the next calendar year. For any eligible member whose effective date  
119.9 of benefit commencement occurred during the calendar year before the cost-of-living  
119.10 adjustment is applied, the full increase amount must be prorated on the basis of whole  
119.11 calendar quarters in benefit payment status in the calendar year prior to the January 1 on  
119.12 which the cost-of-living adjustment is applied, calculated to the third decimal place.

119.13 (f) The adjustment may not be less than zero, nor greater than five percent.

119.14 Sec. 2. **BYLAW REVISION AUTHORIZATION.**

119.15 Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the board of  
119.16 the St. Paul Teachers Retirement Fund Association shall revise the bylaws or articles of  
119.17 incorporation of the teachers retirement fund association to conform with section 1.

119.18 Sec. 3. **REPEALER.**

119.19 Minnesota Statutes 2008, section 354A.29, subdivisions 2, 4, and 5, are repealed.

119.20 Sec. 4. **EFFECTIVE DATE.**

119.21 Sections 1 to 3 are effective January 1, 2010, and expire June 30, 2011.

119.22 **ARTICLE 9**

119.23 **LOCAL POLICE AND PAID FIRE**  
119.24 **RELIEF ASSOCIATION CHANGES**

119.25 Section 1. Minnesota Statutes 2008, section 69.77, subdivision 4, is amended to read:

119.26 Subd. 4. **Relief association financial requirements; minimum municipal**  
119.27 **obligation.** (a) The officers of the relief association shall determine the financial  
119.28 requirements of the relief association and minimum obligation of the municipality for  
119.29 the following calendar year in accordance with the requirements of this subdivision.  
119.30 The financial requirements of the relief association and the minimum obligation of the  
119.31 municipality must be determined on or before the submission date established by the  
119.32 municipality under subdivision 5.

120.1 (b) The financial requirements of the relief association for the following calendar  
120.2 year must be based on the most recent actuarial valuation or survey of the special fund of  
120.3 the association if more than one fund is maintained by the association, or of the association,  
120.4 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions  
120.5 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared  
120.6 by the actuary of the relief association as part of obtaining a modification of the benefit  
120.7 plan of the relief association and the modification is implemented, the actuarial estimate  
120.8 must be used in calculating the subsequent financial requirements of the relief association.

120.9 (c) If the relief association has an unfunded actuarial accrued liability as reported in  
120.10 the most recent actuarial valuation or survey, the total of the amounts calculated under  
120.11 clauses (1), (2), and (3), constitute the financial requirements of the relief association for  
120.12 the following year. If the relief association does not have an unfunded actuarial accrued  
120.13 liability as reported in the most recent actuarial valuation or survey, the amount calculated  
120.14 under clauses (1) and (2) constitute the financial requirements of the relief association for  
120.15 the following year. The financial requirement elements are:

120.16 (1) the normal level cost requirement for the following year, expressed as a dollar  
120.17 amount, which must be determined by applying the normal level cost of the relief  
120.18 association as reported in the actuarial valuation or survey and expressed as a percentage  
120.19 of covered payroll to the estimated covered payroll of the active membership of the relief  
120.20 association, including any projected change in the active membership, for the following  
120.21 year;

120.22 (2) for the Bloomington Fire Department Relief Association, the Fairmont Police  
120.23 Relief Association, and the Virginia Fire Department Relief Association, to the dollar  
120.24 amount of normal cost determined under clause (1) must be added an amount equal to the  
120.25 dollar amount of the administrative expenses of the special fund of the association if more  
120.26 than one fund is maintained by the association, or of the association if only one fund is  
120.27 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative  
120.28 expenses are those authorized under section 69.80. No amount of administrative expenses  
120.29 under this clause are to be included in the financial requirements of the Minneapolis  
120.30 Firefighters Relief Association or the Minneapolis Police Relief Association; and

120.31 (3) to the dollar amount of normal cost and expenses determined under clauses  
120.32 (1) and (2) must be added an amount equal to the level annual dollar amount which is  
120.33 sufficient to amortize the unfunded actuarial accrued liability ~~by December 31, 2010, the~~  
120.34 ~~Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association,~~  
120.35 ~~and the Virginia Fire Department Relief Association, by the date determined under~~  
120.36 ~~section 356.216, paragraph (a), clause (2), for the Bloomington Fire Department Relief~~

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121.1 ~~Association, and by December 31, 2020, for the Minneapolis Police Relief Association, as~~  
121.2 ~~determined from the actuarial valuation or survey of the fund, using an interest assumption~~  
121.3 ~~set at the applicable rate specified in section 356.215, subdivision 8. The, by that~~  
121.4 ~~fund's amortization date as specified in this clause applies to all local police or salaried~~  
121.5 ~~firefighters' relief associations and that date supersedes any amortization date specified in~~  
121.6 ~~any applicable special law paragraph (d).~~

121.7 (d) The Minneapolis Firefighters Relief Association special fund amortization date  
121.8 is determined under section 423C.15, subdivisions 3 and 4. The Virginia Fire Department  
121.9 Relief Association special fund amortization date is December 31, 2010. The Minneapolis  
121.10 Police Relief Association special fund and the Fairmont Police Relief Association  
121.11 special fund amortization date is December 31, 2020. The Bloomington Fire Department  
121.12 Relief Association special fund amortization date is determined under section 356.216,  
121.13 paragraph (a), clause (2). The amortization date specified in this paragraph supersedes any  
121.14 amortization date specified in any applicable special law.

121.15 ~~(d)~~ (e) The minimum obligation of the municipality is an amount equal to the  
121.16 financial requirements of the relief association reduced by the estimated amount of  
121.17 member contributions from covered salary anticipated for the following calendar year and  
121.18 the estimated amounts anticipated for the following calendar year from the applicable  
121.19 state aid program established under sections 69.011 to 69.051 receivable by the relief  
121.20 association after any allocation made under section 69.031, subdivision 5, paragraph (b),  
121.21 clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police  
121.22 and salaried firefighters' relief association amortization aid program established under  
121.23 section 423A.02, subdivision 1, from the supplementary amortization state-aid program  
121.24 established under section 423A.02, subdivision 1a, and from the additional amortization  
121.25 state aid under section 423A.02, subdivision 1b.

121.26 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after  
121.27 the Fairmont City Council and the chief clerical officer of the city of Fairmont timely  
121.28 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

121.29 Sec. 2. Minnesota Statutes 2008, section 423C.03, subdivision 1, is amended to read:

121.30 Subdivision 1. **Board composition and elections.** The board shall consist of  
121.31 two persons appointed by the city and ~~ten~~ the number of other members specified in  
121.32 the association bylaws, but not to exceed ten, who must be selected by the members.  
121.33 Elections for active and retired positions on the board shall be conducted pursuant to  
121.34 the association's bylaws.

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

122.2 **ARTICLE 10**

122.3 **VOLUNTARY STATEWIDE LUMP SUM**

122.4 **VOLUNTEER FIREFIGHTER RETIREMENT PLAN**

122.5 Section 1. Minnesota Statutes 2008, section 11A.17, subdivision 1, is amended to read:

122.6 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the  
122.7 supplemental investment fund is to provide an investment vehicle for the assets of various  
122.8 public retirement plans and funds.

122.9 (b) The fund consists of ~~seven~~ eight investment accounts: an income share account,  
122.10 a growth share account, an international share account, a money market account, a fixed  
122.11 interest account, a bond market account, ~~and~~ a common stock index account, and a  
122.12 volunteer firefighter account.

122.13 (c) The supplemental investment fund is a continuation of the supplemental  
122.14 retirement fund in existence on January 1, 1980.

122.15 Sec. 2. Minnesota Statutes 2008, section 11A.17, subdivision 2, is amended to read:

122.16 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund ~~shall~~ consist  
122.17 of the money certified and transmitted to the state board from the participating public  
122.18 retirement plans and funds ~~or from the board of the Minnesota State Colleges and~~  
122.19 ~~Universities under section 136F.45~~ and from the voluntary statewide lump-sum volunteer  
122.20 firefighter retirement plan under section 353G.08.

122.21 (b) With the exception of the assets of the voluntary statewide lump-sum volunteer  
122.22 firefighter retirement fund, the assets must be used to purchase investment shares in  
122.23 the investment accounts as specified by the plan or fund. The assets of the voluntary  
122.24 statewide lump-sum volunteer firefighter retirement fund must be invested in the volunteer  
122.25 firefighter account.

122.26 (c) These accounts must be valued at least on a monthly basis but may be valued  
122.27 more frequently as determined by the State Board of Investment.

122.28 Sec. 3. Minnesota Statutes 2008, section 69.011, subdivision 1, is amended to read:

122.29 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a  
122.30 different meaning is intended, the following words and terms ~~shall~~, for the purposes of this  
122.31 chapter and chapters 423, 423A, 424 and 424A<sub>2</sub> have the meanings ascribed to them:

122.32 (a) "Commissioner" means the commissioner of revenue.

122.33 (b) "Municipality" means:

- 123.1 (1) a home rule charter or statutory city;
- 123.2 (2) an organized town;
- 123.3 (3) a park district subject to chapter 398;
- 123.4 (4) the University of Minnesota;
- 123.5 (5) for purposes of the fire state aid program only, an American Indian tribal
- 123.6 government entity located within a federally recognized American Indian reservation;
- 123.7 (6) for purposes of the police state aid program only, an American Indian tribal
- 123.8 government with a tribal police department which exercises state arrest powers under
- 123.9 section 626.90, 626.91, 626.92, or 626.93;
- 123.10 (7) for purposes of the police state aid program only, the Metropolitan Airports
- 123.11 Commission with respect to peace officers covered under chapter 422A; and
- 123.12 (8) for purposes of the police state aid program only, the Department of Natural
- 123.13 Resources and the Department of Public Safety with respect to peace officers covered
- 123.14 under chapter 352B.
- 123.15 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
- 123.16 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
- 123.17 leakage and extended coverage premiums received upon risks located or to be performed
- 123.18 in this state less return premiums and dividends.
- 123.19 (d) "Firetown" means the area serviced by any municipality having a qualified fire
- 123.20 department or a qualified incorporated fire department having a subsidiary volunteer
- 123.21 firefighters' relief association.
- 123.22 (e) "Market value" means latest available market value of all property in a taxing
- 123.23 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
- 123.24 taxation obtained from information which appears on abstracts filed with the commissioner
- 123.25 of revenue or equalized by the State Board of Equalization.
- 123.26 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
- 123.27 commissioner for reporting by each fire and casualty insurer of all premiums received
- 123.28 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
- 123.29 during the preceding calendar year, with reference to insurance written for insuring against
- 123.30 the perils contained in auto insurance coverages as reported in the Minnesota business
- 123.31 schedule of the annual financial statement which each insurer is required to file with
- 123.32 the commissioner in accordance with the governing laws or rules less return premiums
- 123.33 and dividends.
- 123.34 (g) "Peace officer" means any person:

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124.1 (1) whose primary source of income derived from wages is from direct employment  
124.2 by a municipality or county as a law enforcement officer on a full-time basis of not less  
124.3 than 30 hours per week;

124.4 (2) who has been employed for a minimum of six months prior to December 31  
124.5 preceding the date of the current year's certification under subdivision 2, clause (b);

124.6 (3) who is sworn to enforce the general criminal laws of the state and local  
124.7 ordinances;

124.8 (4) who is licensed by the Peace Officers Standards and Training Board and is  
124.9 authorized to arrest with a warrant; and

124.10 (5) who is a member of a local police relief association to which section 69.77  
124.11 applies, the State Patrol retirement plan, the public employees police and fire fund, or the  
124.12 Minneapolis Employees Retirement Fund.

124.13 (h) "Full-time equivalent number of peace officers providing contract service" means  
124.14 the integral or fractional number of peace officers which would be necessary to provide  
124.15 the contract service if all peace officers providing service were employed on a full-time  
124.16 basis as defined by the employing unit and the municipality receiving the contract service.

124.17 (i) "Retirement benefits other than a service pension" means any disbursement  
124.18 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

124.19 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person  
124.20 who was elected or appointed to the specified position or, in the absence of the person,  
124.21 another person who is designated by the applicable governing body. In a park district,  
124.22 the clerk is the secretary of the board of park district commissioners. In the case of the  
124.23 University of Minnesota, the clerk is that official designated by the Board of Regents.  
124.24 For the Metropolitan Airports Commission, the clerk is the person designated by the  
124.25 commission. For the Department of Natural Resources or the Department of Public Safety,  
124.26 the clerk is the respective commissioner. For a tribal police department which exercises  
124.27 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person  
124.28 designated by the applicable American Indian tribal government.

124.29 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the  
124.30 retirement plan established by chapter 353G.

124.31 Sec. 4. Minnesota Statutes 2008, section 69.011, subdivision 2, is amended to read:

124.32 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage  
124.33 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in  
124.34 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction  
124.35 with the financial report required pursuant to section 69.051, the clerk of each municipality

125.1 having a duly organized fire department as provided in subdivision 4, or the secretary of  
125.2 each independent nonprofit firefighting corporation having a subsidiary incorporated  
125.3 firefighters' relief association whichever is applicable, and the fire chief, shall jointly  
125.4 certify the existence of the municipal fire department or of the independent nonprofit  
125.5 firefighting corporation, whichever is applicable, which meets the minimum qualification  
125.6 requirements set forth in this subdivision, and the fire personnel and equipment of the  
125.7 municipal fire department or the independent nonprofit firefighting corporation as of the  
125.8 preceding December 31.

125.9 (b) Where retirement coverage is provided by the voluntary statewide lump-sum  
125.10 volunteer firefighter retirement plan, the executive director of the Public Employees  
125.11 Retirement Association shall certify the existence of that coverage for each municipality  
125.12 and the municipal clerk or independent nonprofit firefighting corporation secretary,  
125.13 whichever applies, and the applicable fire chief shall certify the fire personnel and fire  
125.14 department equipment as of the preceding December 31.

125.15 (c) Certification shall must be made to the commissioner on a form prescribed  
125.16 by the commissioner and shall include any other facts the commissioner may require.  
125.17 The certification ~~shall~~ must be made to the commissioner in duplicate. Each copy of the  
125.18 certificate ~~shall~~ must be duly executed and is deemed to be an original. The commissioner  
125.19 shall forward one copy to the auditor of the county wherein the fire department is located  
125.20 and shall retain one copy.

125.21 ~~(b)~~ (d) On or before March 15 annually the clerk of each municipality having a duly  
125.22 organized police department and having a duly incorporated relief association shall certify  
125.23 that fact to the county auditor of the county where the police department is located and to  
125.24 the commissioner on a form prescribed by the commissioner together with the other facts  
125.25 the commissioner or auditor may require.

125.26 (e) Except as provided in subdivision 2b, on or before March 15 annually, the clerk  
125.27 of each municipality and the auditor of each county employing one or more peace officers  
125.28 as defined in subdivision 1, clause (g), shall certify the number of such peace officers to  
125.29 the commissioner on forms prescribed by the commissioner. Credit for officers employed  
125.30 less than a full year ~~shall~~ must be apportioned. Each full month of employment of a  
125.31 qualifying officer during the calendar year ~~shall entitle~~ entitles the employing municipality  
125.32 or county to credit for 1/12 of the payment for employment of a peace officer for the entire  
125.33 year. For purposes of sections 69.011 to 69.051, employment of a peace officer ~~shall~~  
125.34 ~~commence~~ commences when the peace officer is entered on the payroll of the respective  
125.35 municipal police department or county sheriff's department. No peace officer ~~shall~~ may be

126.1 included in the certification of the number of peace officers by more than one municipality  
126.2 or county for the same month.

126.3 Sec. 5. Minnesota Statutes 2008, section 69.011, subdivision 4, is amended to read:

126.4 Subd. 4. **Qualification for state aid.** Any municipality in this state having for more  
126.5 than one year an organized fire department and officially established by the governing  
126.6 body of the municipality or an independent nonprofit fire fighting corporation created  
126.7 under the nonprofit corporation act of this state and operating exclusively for fire fighting  
126.8 purposes and providing retirement and relief benefits to its members ~~or~~, having a separate  
126.9 subsidiary incorporated firefighter's relief and pension association providing retirement and  
126.10 relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter  
126.11 retirement plan, may qualify to receive state aid if it meets the following minimum  
126.12 requirements or equivalent as determined by the state fire marshal by July 1, 1972:

126.13 (a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and

126.14 (b) regular scheduled meetings and frequent drills including instructions in fire  
126.15 fighting tactics and in the use, care, and operation of all fire apparatus and equipment, and

126.16 (c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger  
126.17 water tank, 300 feet of one inch or larger fire hose in two lines with combination spray  
126.18 and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent, dry  
126.19 chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,  
126.20 axes, lanterns, fire coats, helmets, boots, and

126.21 (d) apparatus suitably housed in a building of good construction with facilities for  
126.22 care of hose and equipment, and

126.23 (e) a reliable and adequate method of receiving fire alarms by telephone or with  
126.24 electric siren and suitable means of sounding an alarm, and

126.25 (f) if response is to be provided outside the corporate limits of the municipality  
126.26 wherein the fire department is located, the municipality has another piece of motorized  
126.27 apparatus to make the response, and

126.28 (g) other requirements the commissioner establishes by rule.

126.29 Sec. 6. Minnesota Statutes 2008, section 69.021, subdivision 7, is amended to read:

126.30 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

126.31 (a) The commissioner shall apportion the fire state aid relative to the premiums reported  
126.32 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality  
126.33 and/or firefighters relief association.

127.1 (b) The commissioner shall calculate an initial fire state aid allocation amount for  
127.2 each municipality or fire department under paragraph (c) and a minimum fire state aid  
127.3 allocation amount for each municipality or fire department under paragraph (d). The  
127.4 municipality or fire department must receive the larger fire state aid amount.

127.5 (c) The initial fire state aid allocation amount is the amount available for  
127.6 apportionment as fire state aid under subdivision 5, without inclusion of any additional  
127.7 funding amount to support a minimum fire state aid amount under section 423A.02,  
127.8 subdivision 3, allocated one-half in proportion to the population as shown in the last  
127.9 official statewide federal census for each fire town and one-half in proportion to the market  
127.10 value of each fire town, including (1) the market value of tax exempt property and (2) the  
127.11 market value of natural resources lands receiving in lieu payments under sections 477A.11  
127.12 to 477A.14, but excluding the market value of minerals. In the case of incorporated or  
127.13 municipal fire departments furnishing fire protection to other cities, towns, or townships  
127.14 as evidenced by valid fire service contracts filed with the commissioner, the distribution  
127.15 must be adjusted proportionately to take into consideration the crossover fire protection  
127.16 service. Necessary adjustments ~~shall~~ must be made to subsequent apportionments. In  
127.17 the case of municipalities or independent fire departments qualifying for the aid, the  
127.18 commissioner shall calculate the state aid for the municipality or relief association on the  
127.19 basis of the population and the market value of the area furnished fire protection service  
127.20 by the fire department as evidenced by duly executed and valid fire service agreements  
127.21 filed with the commissioner. If one or more fire departments are furnishing contracted  
127.22 fire service to a city, town, or township, only the population and market value of the  
127.23 area served by each fire department may be considered in calculating the state aid and  
127.24 the fire departments furnishing service shall enter into an agreement apportioning among  
127.25 themselves the percent of the population and the market value of each service area. The  
127.26 agreement must be in writing and must be filed with the commissioner.

127.27 (d) The minimum fire state aid allocation amount is the amount in addition to the  
127.28 initial fire state allocation amount that is derived from any additional funding amount  
127.29 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and  
127.30 allocated to municipalities with volunteer firefighters relief associations or covered by the  
127.31 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number  
127.32 of active volunteer firefighters who are members of the relief association as reported  
127.33 in the annual financial reporting for the calendar year 1993 to the Office of the State  
127.34 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or  
127.35 fire departments with volunteer firefighters relief associations receive in total at least a  
127.36 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of

128.1 30 firefighters. If a relief association is established after calendar year 1993 and before  
128.2 calendar year 2000, the number of active volunteer firefighters who are members of the  
128.3 relief association as reported in the annual financial reporting for calendar year 1998  
128.4 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,  
128.5 shall be used in this determination. If a relief association is established after calendar  
128.6 year 1999, the number of active volunteer firefighters who are members of the relief  
128.7 association as reported in the first annual financial reporting submitted to the Office of  
128.8 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this  
128.9 determination. If a relief association is terminated as a result of providing retirement  
128.10 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer  
128.11 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters  
128.12 of the municipality covered by the statewide plan as certified by the executive director of  
128.13 the Public Employees Retirement Association to the commissioner and the state auditor,  
128.14 but not to exceed 30 active firefighters, must be used in this determination.

128.15 (e) Unless the firefighters of the applicable fire department are members of the  
128.16 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must  
128.17 be paid to the treasurer of the municipality where the fire department is located and the  
128.18 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit  
128.19 the aid to the relief association if the relief association has filed a financial report with the  
128.20 treasurer of the municipality and has met all other statutory provisions pertaining to the  
128.21 aid apportionment. If the firefighters of the applicable fire department are members of  
128.22 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid  
128.23 must be paid to the executive director of the Public Employees Retirement Association  
128.24 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

128.25 (f) The commissioner may make rules to permit the administration of the provisions  
128.26 of this section.

128.27 (g) Any adjustments needed to correct prior misallocations must be made to  
128.28 subsequent apportionments.

128.29 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 9, is amended to read:

128.30 Subd. 9. **Appeal.** In the event that ~~any~~ a municipality, a county, a fire relief  
128.31 association, ~~or~~ a police relief association, or the voluntary statewide lump-sum volunteer  
128.32 firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to  
128.33 review and adjust the apportionment of funds within the county in the case of police state  
128.34 aid, or within the state in the case of fire state aid. The decision of the commissioner is

129.1 subject to appeal, review, and adjustment by the district court in the county in which the  
129.2 applicable municipality, fire department, or police department is located.

129.3 Sec. 8. Minnesota Statutes 2008, section 69.031, subdivision 1, is amended to read:

129.4 Subdivision 1. **Commissioner of finance's warrant.** (a) The commissioner of  
129.5 finance shall issue to the Public Employees Retirement Association on behalf of a  
129.6 municipality or independent nonprofit firefighting corporation that is a member of the  
129.7 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or  
129.8 to the county, municipality, or independent nonprofit firefighting corporation certified to  
129.9 the commissioner of finance by the commissioner a warrant for an amount equal to the  
129.10 amount of fire state aid or police state aid, whichever applies, certified for the applicable  
129.11 state aid recipient by the commissioner under section 69.021.

129.12 (b) The amount of state aid due and not paid by October 1 accrues interest at the rate  
129.13 of one percent for each month or part of a month the amount remains unpaid, beginning  
129.14 the preceding July 1.

129.15 Sec. 9. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

129.16 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
129.17 firefighting corporation is covered by the voluntary statewide lump-sum volunteer  
129.18 firefighter retirement plan under chapter 353G, the executive director shall credit the  
129.19 fire state aid against future municipal contribution requirements under section 353G.08  
129.20 and shall notify the municipality or independent nonprofit firefighting corporation of  
129.21 the fire state aid so credited at least annually. If the municipality or the independent  
129.22 nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum  
129.23 volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after  
129.24 receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'  
129.25 relief association if there is one organized and the association has filed a financial report  
129.26 with the municipality. If the relief association has not filed a financial report with the  
129.27 municipality, the municipal treasurer shall delay transmission of the fire state aid to  
129.28 the relief association until the complete financial report is filed. If the municipality or  
129.29 independent nonprofit firefighting corporation is not covered by the voluntary statewide  
129.30 lump-sum volunteer firefighter retirement plan, if there is no relief association organized,  
129.31 or if the association has dissolved; or has been removed as trustees of state aid, then the  
129.32 treasurer of the municipality shall deposit the money in the municipal treasury as provided  
129.33 for in section 424A.08 and the money may be disbursed only for the purposes and in the  
129.34 manner set forth in that section.

130.1 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
130.2 police state aid in the following manner:

130.3 (1) For a municipality in which a local police relief association exists and all peace  
130.4 officers are members of the association, the total state aid must be transmitted to the  
130.5 treasurer of the relief association within 30 days of the date of receipt, and the treasurer  
130.6 of the relief association shall immediately deposit the total state aid in the special fund  
130.7 of the relief association;

130.8 (2) For a municipality in which police retirement coverage is provided by the public  
130.9 employees police and fire fund and all peace officers are members of the fund, including  
130.10 municipalities covered by section 353.665, the total state aid must be applied toward the  
130.11 municipality's employer contribution to the public employees police and fire fund under  
130.12 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

130.13 (3) For a municipality other than a city of the first class with a population of more  
130.14 than 300,000 in which both a police relief association exists and police retirement  
130.15 coverage is provided in part by the public employees police and fire fund, the municipality  
130.16 may elect at its option to transmit the total state aid to the treasurer of the relief association  
130.17 as provided in clause (1), to use the total state aid to apply toward the municipality's  
130.18 employer contribution to the public employees police and fire fund subject to all the  
130.19 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
130.20 transmitted to the police relief association as provided in this subdivision and to apply  
130.21 toward the municipality's employer contribution to the public employees police and fire  
130.22 fund subject to the provisions of clause (2) on the basis of the respective number of active  
130.23 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

130.24 For a city of the first class with a population of more than 300,000, in addition, the  
130.25 city may elect to allot the appropriate portion of the total police state aid to apply toward  
130.26 the employer contribution of the city to the public employees police and fire fund based  
130.27 on the covered salary of police officers covered by the fund each payroll period and to  
130.28 transmit the balance to the police relief association; or

130.29 (4) For a municipality in which police retirement coverage is provided in part by  
130.30 the public employees police and fire fund and in part by a local police consolidation  
130.31 account governed by chapter 353A and established before March 2, 1999, for which the  
130.32 municipality declined merger under section 353.665, subdivision 1, or established after  
130.33 March 1, 1999, the total police state aid must be applied towards the municipality's total  
130.34 employer contribution to the public employees police and fire fund and to the local police  
130.35 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

131.1 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
131.2 apply the total state aid toward the county's employer contribution to the public employees  
131.3 police and fire fund under section 353.65, subdivision 3.

131.4 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
131.5 police state aid for the Metropolitan Airports Commission, shall apply the total police  
131.6 state aid first toward the commission's employer contribution for police officers to the  
131.7 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
131.8 there is any amount of police state aid remaining, shall apply that remainder toward the  
131.9 commission's employer contribution for police officers to the public employees police and  
131.10 fire plan under section 353.65, subdivision 3.

131.11 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
131.12 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
131.13 finance for transfer to the funds and accounts from which the salaries of peace officers  
131.14 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
131.15 shall certify to the commissioners of public safety, natural resources, and finance the  
131.16 amounts to be transferred from the appropriation for police state aid. The commissioners  
131.17 of public safety and natural resources shall certify to the commissioner of finance the  
131.18 amounts to be credited to each of the funds and accounts from which the peace officers  
131.19 employed by their respective departments are paid. Each commissioner ~~must~~ shall allocate  
131.20 the police state aid first for employer contributions for employees funded from the general  
131.21 fund and then for employer contributions for employees funded from other funds. For  
131.22 peace officers whose salaries are paid from the general fund, the amounts transferred from  
131.23 the appropriation for police state aid must be canceled to the general fund.

131.24 Sec. 10. **[353G.01] DEFINITIONS.**

131.25 Subdivision 1. **Scope.** For the purposes of this chapter, the words or terms defined  
131.26 in this section have the meanings given to them unless the context of the word or term  
131.27 clearly indicates otherwise.

131.28 Subd. 2. **Advisory board.** "Advisory board" means the board established by section  
131.29 353G.03.

131.30 Subd. 3. **Board.** "Board" means the board of trustees of the Public Employees  
131.31 Retirement Association operating under section 353.03.

131.32 Subd. 4. **Commissioner of finance.** "Commissioner of finance" means the state  
131.33 official appointed and qualified under section 16A.01.

131.34 Subd. 5. **Executive director; director.** "Executive director" or "director" means  
131.35 the person appointed under section 353.03, subdivision 3a.

132.1 Subd. 6. **Fund.** "Fund" means the voluntary statewide lump-sum volunteer  
132.2 firefighter retirement fund established under section 353G.02, subdivision 3.

132.3 Subd. 7. **Good time service credit.** "Good time service credit" means the length of  
132.4 service credit for an active firefighter that is reported by the applicable fire chief based  
132.5 on the minimum firefighter activity standards of the fire department. The credit may be  
132.6 recognized on an annual or monthly basis.

132.7 Subd. 8. **Member.** "Member" means a volunteer firefighter who provides active  
132.8 service to a municipal fire department or an independent nonprofit firefighting corporation  
132.9 where the applicable municipality or corporation has elected coverage by the retirement  
132.10 plan under section 353G.05, and which service is covered by the retirement plan.

132.11 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in  
132.12 section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5).

132.13 Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

132.14 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide  
132.15 lump-sum volunteer firefighter retirement fund established under section 353G.02,  
132.16 subdivision 3.

132.17 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan  
132.18 established by this chapter.

132.19 Subd. 13. **Standards for actuarial work.** "Standards for actuarial work" means  
132.20 the standards adopted by the Legislative Commission on Pensions and Retirement under  
132.21 section 3.85, subdivision 10.

132.22 Subd. 14. **State Board of Investment.** "State Board of Investment" means the  
132.23 board created by article XI, section 8, of the Minnesota Constitution and governed by  
132.24 chapter 11A.

132.25 Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is  
132.26 an active member of a municipal fire department or independent nonprofit firefighting  
132.27 corporation and who, in that capacity, engages in fire suppression activities, provides  
132.28 emergency response services, or delivers fire education or prevention services on an  
132.29 on-call basis.

132.30 Sec. 11. **[353G.02] PLAN AND FUND CREATION.**

132.31 Subdivision 1. **Retirement plan.** The voluntary statewide lump-sum volunteer  
132.32 firefighter retirement plan is created.

132.33 Subd. 2. **Administration.** The policy-making, management, and administrative  
132.34 functions related to the voluntary statewide lump-sum volunteer firefighter retirement  
132.35 plan and fund are vested in the board of trustees and the executive director of the Public

133.1 Employees Retirement Association. Their duties, authority, and responsibilities are as  
133.2 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken  
133.3 in a manner consistent with chapter 356A.

133.4 Subd. 3. **Retirement fund.** (a) The voluntary statewide lump-sum volunteer  
133.5 firefighter retirement fund is created. The fund contains the assets attributable to the  
133.6 voluntary statewide lump-sum volunteer firefighter retirement plan.

133.7 (b) The State Board of Investment shall invest those portions of the retirement  
133.8 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer  
133.9 firefighter retirement plan in the statewide lump-sum volunteer firefighter account of the  
133.10 Minnesota supplemental investment fund under section 11A.17.

133.11 (c) The commissioner of finance is the ex officio treasurer of the voluntary statewide  
133.12 lump-sum volunteer firefighter retirement fund. The commissioner of finance's general  
133.13 bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

133.14 (d) The revenues of the retirement plan beyond investment returns are governed by  
133.15 section 353G.08 and must be deposited in the retirement fund. The disbursements of the  
133.16 retirement plan are governed by section 353G.08. The commissioner of finance shall  
133.17 transmit a detailed statement showing all credits to and disbursements from the retirement  
133.18 fund to the executive director monthly.

133.19 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically  
133.20 audit the voluntary statewide lump-sum volunteer firefighter retirement fund.

133.21 (b) An actuarial valuation of the voluntary statewide lump-sum volunteer firefighter  
133.22 retirement plan may be performed periodically as determined to be appropriate or useful  
133.23 by the board. An actuarial valuation must be performed by the approved actuary retained  
133.24 under section 356.214 and must conform with section 356.215 and the standards for  
133.25 actuarial work. An actuarial valuation must contain sufficient detail for each participating  
133.26 employing entity to ascertain the actuarial condition of its account in the fund and the  
133.27 contribution requirement towards its account.

133.28 Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board  
133.29 and the executive director with respect to the voluntary statewide lump-sum volunteer  
133.30 firefighter retirement plan is the attorney general.

133.31 (b) The board may sue, petition, be sued, or be petitioned under this chapter with  
133.32 respect to the plan or the fund in the name of the board.

133.33 (c) The attorney general shall represent the board in all actions by the board or  
133.34 against the board with respect to the plan or the fund.

133.35 (d) Venue of all actions related to the plan or fund is in the court for the first judicial  
133.36 district unless the action is an appeal to the Court of Appeals under section 356.96.

134.1 Sec. 12. **[353G.03] VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER**  
134.2 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

134.3 Subdivision 1. **Establishment.** A Voluntary Statewide Lump-Sum Volunteer  
134.4 Firefighter Retirement Plan Advisory Board is created.

134.5 Subd. 2. **Function; purpose.** The advisory board shall provide advice to the board  
134.6 of trustees of the Public Employees Retirement Association about the retirement coverage  
134.7 needs of volunteer firefighters who are members of the plan and about the legislative and  
134.8 administrative changes that would assist the retirement plan in accommodating volunteer  
134.9 firefighters who are not members of the plan.

134.10 Subd. 3. **Composition.** (a) The advisory board consists of seven members.

134.11 (b) The advisory board members are:

134.12 (1) one representative of Minnesota townships, appointed by the Minnesota  
134.13 Association of Townships;

134.14 (2) two representatives of Minnesota cities, appointed by the League of Minnesota  
134.15 Cities;

134.16 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the  
134.17 Minnesota State Fire Chiefs Association;

134.18 (4) two representatives of Minnesota volunteer firefighters, who are active volunteer  
134.19 firefighters, appointed by the Minnesota State Fire Departments Association; and

134.20 (5) one representative of the Office of the State Auditor, designated by the state  
134.21 auditor.

134.22 Subd. 4. **Term.** (a) The initial terms on the advisory board for the Minnesota  
134.23 townships representative and the Minnesota fire chiefs representative are one year. The  
134.24 initial terms on the advisory board for one of the Minnesota cities representatives and one  
134.25 of the Minnesota active volunteer firefighter representatives are two years. The initial  
134.26 terms on the advisory board for the other Minnesota cities representative and the other  
134.27 Minnesota active volunteer firefighter representative are three years. The term for the  
134.28 Office of the State Auditor representative is determined by the state auditor.

134.29 (b) Subsequent terms on the advisory board other than the Office of the State  
134.30 Auditor representative are three years.

134.31 Subd. 5. **Compensation of advisory board.** The compensation of members of the  
134.32 advisory board other than the Office of the State Auditor representative is governed by  
134.33 section 15.0575, subdivision 3.

134.34 Sec. 13. **[353G.04] INFORMATION FROM MUNICIPALITIES AND FIRE**  
134.35 **DEPARTMENTS.**

135.1 The chief executive officers of municipalities and fire departments with volunteer  
135.2 firefighters covered by the voluntary lump-sum volunteer firefighter retirement plan shall  
135.3 provide all relevant information and records requested by the board, the executive director,  
135.4 and the State Board of Investment as required to perform their duties.

135.5 Sec. 14. **[353G.05] PLAN COVERAGE ELECTION.**

135.6 Subdivision 1. Coverage. Any municipality or independent nonprofit firefighting  
135.7 corporation may elect to have its volunteer firefighters covered by the retirement plan.

135.8 Subd. 2. Election of coverage. (a) The process for electing coverage of volunteer  
135.9 firefighters by the retirement plan is initiated by a request to the executive director for a  
135.10 cost analysis of the prospective retirement coverage.

135.11 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief  
135.12 association governed by chapter 424A, the cost analysis of the prospective retirement  
135.13 coverage must be requested jointly by the secretary of the volunteer firefighters' relief  
135.14 association, following approval of the request by the board of the volunteer firefighters'  
135.15 relief association, and the chief administrative officer of the entity associated with the  
135.16 relief association, following approval of the request by the governing body of the entity  
135.17 associated with the relief association. If the relief association is associated with more than  
135.18 one entity, the chief administrative officer of each associated entity must execute the  
135.19 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'  
135.20 relief association, the cost analysis of the prospective retirement coverage must be  
135.21 requested by the chief administrative officer of the entity operating the fire department.  
135.22 The request must be made in writing and must be made on a form prescribed by the  
135.23 executive director.

135.24 (c) The cost analysis of the prospective retirement coverage by the statewide  
135.25 retirement plan must be based on the service pension amount under section 353G.11  
135.26 closest to the service pension amount provided by the volunteer firefighters' relief  
135.27 association, if there is one, or to the lowest service pension amount under section 353G.11  
135.28 if there is no volunteer firefighters' relief association, rounded up, and any other service  
135.29 pension amount designated by the requester or requesters. The cost analysis must be  
135.30 prepared using a mathematical procedure certified as accurate by an approved actuary  
135.31 retained by the Public Employees Retirement Association.

135.32 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists  
135.33 that has filed the information required under section 69.051 in a timely fashion, upon  
135.34 request by the executive director, the state auditor shall provide the most recent data  
135.35 available on the financial condition of the volunteer firefighters' relief association, the most

136.1 recent firefighter demographic data available, and a copy of the current relief association  
136.2 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association  
136.3 exists, the chief administrative officer of the entity operating the fire department shall  
136.4 provide the demographic information on the volunteer firefighters serving as members  
136.5 of the fire department requested by the executive director.

136.6 (e) If a cost analysis is requested, the executive director of the State Board of  
136.7 Investment shall review the investment portfolio of the relief association, if applicable,  
136.8 for compliance with the applicable provisions of chapter 11A and for appropriateness  
136.9 for retention under the established investment objectives and investment policies of the  
136.10 State Board of Investment. If the prospective retirement coverage change is approved  
136.11 under paragraph (f), the State Board of Investment may require that the relief association  
136.12 liquidate any investment security or other asset which the executive director of the State  
136.13 Board of Investment has determined to be an ineligible or inappropriate investment for  
136.14 retention by the State Board of Investment. The security or asset liquidation must occur  
136.15 before the effective date of the transfer of retirement plan coverage. If requested to do  
136.16 so by the chief administrative officer of the relief association, the executive director of  
136.17 the State Board of Investment shall provide advice about the best means to conduct the  
136.18 liquidation.

136.19 (f) Upon receipt of the cost analysis, the governing body of the municipality or  
136.20 independent nonprofit firefighting corporation associated with the fire department shall  
136.21 approve or disapprove the retirement coverage change within 90 days. If the retirement  
136.22 coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the  
136.23 retirement coverage change is approved by the applicable governing body, coverage by  
136.24 the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the  
136.25 next following January 1.

136.26 **Sec. 15. [353G.06] DISESTABLISHMENT OF PRIOR VOLUNTEER**  
136.27 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIAL FUND UPON**  
136.28 **RETIREMENT COVERAGE CHANGE.**

136.29 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior  
136.30 to the effective date of the coverage change, the special fund of the applicable volunteer  
136.31 firefighters' relief association, if one exists, ceases to exist as a pension fund of the  
136.32 association and legal title to the assets of the special fund transfers to the State Board of  
136.33 Investment, with the beneficial title to the assets of the special fund remaining in the  
136.34 applicable volunteer firefighters.

137.1 (b) If the market value of the special fund of the volunteer firefighters' relief  
137.2 association for which retirement coverage changed under this chapter declines in the  
137.3 interval between the date of the most recent financial report or statement, and the special  
137.4 fund disestablishment date, the applicable municipality shall transfer an additional amount  
137.5 to the State Board of Investment equal to that decline. If more than one municipality is  
137.6 responsible for the direct management of the fire department, the municipalities shall  
137.7 allocate the additional transfer amount among the various applicable municipalities  
137.8 one-half in proportion to the population of each municipality and one-half in proportion  
137.9 to the market value of each municipality.

137.10 Subd. 2. **Other relief association changes.** In addition to the transfer and  
137.11 disestablishment of the special fund under subdivision 1, notwithstanding any provisions  
137.12 of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer  
137.13 firefighter retirement coverage, if the relief association membership elects to retain the  
137.14 relief association after the benefit coverage election, the following changes must be  
137.15 implemented with respect to the applicable volunteer firefighters' relief association:

137.16 (1) the relief association board of trustees membership is reduced to five, comprised  
137.17 of the fire chief of the fire department and four trustees elected by and from the relief  
137.18 association membership;

137.19 (2) the relief association may only maintain a general fund, which continues to  
137.20 be governed by section 424A.06;

137.21 (3) the relief association is not authorized to receive the proceeds of any state aid or  
137.22 to receive any municipal funds; and

137.23 (4) the relief association may not pay any service pension or benefit that was not  
137.24 authorized as a general fund disbursement under the articles of incorporation or bylaws of  
137.25 the relief association in effect prior to the plan coverage election process.

137.26 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of  
137.27 the volunteer firefighters' relief association under this section, the voluntary statewide  
137.28 lump-sum volunteer firefighter retirement plan is the successor in interest of the special  
137.29 fund of the volunteer firefighters' relief association for all claims against the special fund  
137.30 other than a claim against the special fund, the volunteer firefighters' relief association,  
137.31 the municipality, the fire department, or any person connected with the volunteer  
137.32 firefighters' relief association in a fiduciary capacity under chapter 356A or common law  
137.33 that was based on any act or acts which were not performed in good faith and which  
137.34 constituted a breach of a fiduciary obligation. As the successor in interest of the special  
137.35 fund of the volunteer firefighters' relief association, the voluntary statewide lump-sum  
137.36 volunteer firefighter retirement plan may assert any applicable defense in any judicial

138.1 proceeding which the board of trustees of the volunteer firefighters' relief association or  
138.2 the municipality would have been entitled to assert.

138.3 **Sec. 16. [353G.07] CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

138.4 (a) Annually, by March 31, the fire chief of the fire department with firefighters who  
138.5 are active members of the retirement plan shall certify to the executive director the good  
138.6 time service credit for the previous calendar year of each firefighter rendering active  
138.7 service with the fire department.

138.8 (b) The fire chief shall provide to each firefighter rendering active service with  
138.9 the fire department notification of the amount of good time service credit rendered by  
138.10 the firefighter for the calendar year. The good time service credit notification must be  
138.11 provided to the firefighter 60 days before its certification to the executive director of the  
138.12 Public Employees Retirement Association, along with an indication of the process for the  
138.13 firefighter to challenge the fire chief's determination of good time service credit. If the  
138.14 good time service credit amount is challenged in a timely fashion, the fire chief shall hold  
138.15 a hearing on the challenge, accept and consider any additional pertinent information,  
138.16 and make a final determination of good time service credit. The final determination of  
138.17 good time service credit by the fire chief is not reviewable by the executive director of  
138.18 the Public Employees Retirement Association or by the board of trustees of the Public  
138.19 Employees Retirement Association.

138.20 (c) The good time service credit certification is an official public document. If a  
138.21 false good time service credit certification is filed or if false information regarding good  
138.22 time service credits is provided, section 353.19 applies.

138.23 (d) The good time service credit certification must be expressed as a percentage of a  
138.24 full year of service during which an active firefighter rendered at least the minimum level  
138.25 and quantity of fire suppression, emergency response, fire prevention, or fire education  
138.26 duties required by the fire department under the rules and regulations applicable to the  
138.27 fire department. No more than one year of good time service credit may be certified  
138.28 for a calendar year.

138.29 (e) If a firefighter covered by the retirement plan leaves active firefighting service  
138.30 to render active military service that is required to be covered by the federal Uniformed  
138.31 Services Employment and Reemployment Rights Act, as amended, the person must be  
138.32 certified as providing a full year of good time service credit in each year of the military  
138.33 service, up to the applicable limit of the federal Uniformed Services Employment and  
138.34 Reemployment Rights Act. If the firefighter does not return from the military service in  
138.35 compliance with the federal Uniformed Services Employment and Reemployment Rights

139.1 Act, the good time service credits applicable to that military service credit period are  
139.2 forfeited and cancel at the end of the calendar year in which the federal law time limit  
139.3 occurs.

139.4 Sec. 17. **[353G.08] RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

139.5 (a) Annually, the executive director shall determine the funding requirements of  
139.6 each account in the voluntary statewide lump-sum volunteer firefighter retirement plan  
139.7 on or before August 1. The funding requirements as directed under this section, must be  
139.8 determined using a mathematical procedure developed and certified as accurate by an  
139.9 approved actuary retained by the Public Employees Retirement Association and based on  
139.10 present value factors using a six percent interest rate, without any decrement assumptions.  
139.11 The funding requirements must be certified to the entity or entities associated with the fire  
139.12 department whose active firefighters are covered by the retirement plan.

139.13 (b) The overall funding balance of each account for the current calendar year must  
139.14 be determined in the following manner:

139.15 (1) The total accrued liability for all active and deferred members of the account as  
139.16 of December 31 of the current year must be calculated based on the good time service  
139.17 credit of active and deferred members as of that date.

139.18 (2) The total present assets of the account projected to December 31 of the current  
139.19 year, including receipts by and disbursements from the account anticipated to occur on or  
139.20 before December 31, must be calculated. To the extent possible, the market value of assets  
139.21 must be utilized in making this calculation.

139.22 (3) The amount of the total present assets calculated under clause (2) must be  
139.23 subtracted from the amount of the total accrued liability calculated under clause (1). If the  
139.24 amount of total present assets exceeds the amount of the total accrued liability, then the  
139.25 account is considered to have a surplus over full funding. If the amount of the total present  
139.26 assets is less than the amount of the total accrued liability, then the account is considered  
139.27 to have a deficit from full funding. If the amount of total present assets is equal to the  
139.28 amount of the total accrued liability, then the special fund is considered to be fully funded.

139.29 (c) The financial requirements of each account for the following calendar year must  
139.30 be determined in the following manner:

139.31 (1) The total accrued liability for all active and deferred members of the account  
139.32 as of December 31 of the calendar year next following the current calendar year must be  
139.33 calculated based on the good time service used in the calculation under paragraph (b),  
139.34 clause (1), increased by one year.

140.1           (2) The increase in the total accrued liability of the account for the following calendar  
140.2 year over the total accrued liability of the account for the current year must be calculated.

140.3           (3) The amount of anticipated future administrative expenses of the account must be  
140.4 calculated by multiplying the dollar amount of the administrative expenses for the most  
140.5 recent prior calendar year by the factor of 1.035.

140.6           (4) If the account is fully funded, the financial requirement of the account for the  
140.7 following calendar year is the total of the amounts calculated under clauses (2) and (3).

140.8           (5) If the account has a deficit from full funding, the financial requirement of the  
140.9 account for the following calendar year is the total of the amounts calculated under clauses  
140.10 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full  
140.11 funding of the account.

140.12           (6) If the account has a surplus over full funding, the financial requirement of  
140.13 the account for the following calendar year is the financial requirement of the account  
140.14 calculated as though the account was fully funded under clause (4) and, if the account has  
140.15 also had a surplus over full funding during the prior two years, additionally reduced by an  
140.16 amount equal to one-tenth of the amount of the surplus over full funding of the account.

140.17           (d) The required contribution of the entity or entities associated with the fire  
140.18 department whose active firefighters are covered by the retirement plan is the annual  
140.19 financial requirements of the account of the retirement plan under paragraph (c) reduced  
140.20 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably  
140.21 anticipated to be received by the retirement plan attributable to the entity or entities during  
140.22 the following calendar year, and an amount of interest on the assets projected to be  
140.23 received during the following calendar year calculated at the rate of six percent per annum.  
140.24 The required contribution must be allocated between the entities if more than one entity  
140.25 is involved. A reasonable amount of anticipated fire state aid is an amount that does not  
140.26 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

140.27           (e) The required contribution calculated in paragraph (d) must be paid to the  
140.28 retirement plan on or before December 31 of the year for which it was calculated. If  
140.29 the contribution is not received by the retirement plan by December 31, it is payable  
140.30 with interest at an annual compound rate of six percent from the date due until the date  
140.31 payment is received by the retirement plan. If the entity does not pay the full amount of  
140.32 the required contribution, the executive director shall collect the unpaid amount under  
140.33 section 353.28, subdivision 6.

140.34           (f) The assets of the retirement fund may only be disbursed for:

140.35           (1) the administrative expenses of the retirement plan;

140.36           (2) the investment expenses of the retirement fund;

- 141.1 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or  
 141.2 353G.15; and  
 141.3 (4) the survivor benefits payable under section 353G.12.

141.4 Sec. 18. **[353G.09] RETIREMENT BENEFIT ELIGIBILITY.**

141.5 Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member  
 141.6 of the retirement plan is entitled to a lump-sum service pension from the retirement plan  
 141.7 if the person:

- 141.8 (1) has separated from active service with the fire department for at least 30 days;  
 141.9 (2) has attained the age of at least 50 years;  
 141.10 (3) has completed at least five years of good time service credit as a member of  
 141.11 the retirement plan; and  
 141.12 (4) applies in a manner prescribed by the executive director for the service pension.

141.13 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** If an  
 141.14 active member has completed less than 20 years of good time service credit, the person's  
 141.15 entitlement is to the nonforfeitable percentage of the applicable service pension amount,  
 141.16 as follows:

	<u>Completed years of good time service credit</u>	<u>Nonforfeitable percentage of the service pension</u>
141.19	<u>5</u>	<u>40 percent</u>
141.20	<u>6</u>	<u>44 percent</u>
141.21	<u>7</u>	<u>48 percent</u>
141.22	<u>8</u>	<u>52 percent</u>
141.23	<u>9</u>	<u>56 percent</u>
141.24	<u>10</u>	<u>60 percent</u>
141.25	<u>11</u>	<u>64 percent</u>
141.26	<u>12</u>	<u>68 percent</u>
141.27	<u>13</u>	<u>72 percent</u>
141.28	<u>14</u>	<u>76 percent</u>
141.29	<u>15</u>	<u>80 percent</u>
141.30	<u>16</u>	<u>84 percent</u>
141.31	<u>17</u>	<u>88 percent</u>
141.32	<u>18</u>	<u>92 percent</u>
141.33	<u>19</u>	<u>96 percent</u>
141.34	<u>20 and thereafter</u>	<u>100 percent</u>

141.35 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member  
 141.36 of the retirement plan is entitled to an alternative lump-sum service pension from the  
 141.37 retirement plan if the person:

- 141.38 (1) has separated from active service with the fire department for at least 30 days;

142.1 (2) has attained the age of at least 50 years or the age for receipt of a service pension  
142.2 under the benefit plan of the applicable former volunteer firefighters' relief association  
142.3 as of the date immediately prior to the election of the retirement coverage change,  
142.4 whichever is later;

142.5 (3) has completed at least five years of active service with the fire department and at  
142.6 least five years in total as a member of the applicable former volunteer firefighters' relief  
142.7 association or of the retirement plan, but has not rendered at least five years of good time  
142.8 service credit as a member of the retirement plan; and

142.9 (4) applies in a manner prescribed by the executive director for the service pension.

142.10 (b) The alternative lump-sum service pension is the service pension amount specified  
142.11 in the bylaws of the applicable former volunteer firefighters' relief association either  
142.12 as of the date immediately prior to the election of the retirement coverage change or  
142.13 as of the date immediately before the termination of firefighting services, whichever is  
142.14 earlier, multiplied by the total number of years of service as a member of that volunteer  
142.15 firefighters' relief association and as a member of the retirement plan.

142.16 Sec. 19. **[353G.10] DEFERRED SERVICE PENSION AMOUNT.**

142.17 A person who was an active member of a fire department covered by the retirement  
142.18 plan who has separated from active firefighting service for at least 30 days and who has  
142.19 completed at least five years of good time service credit, but has not attained the age of  
142.20 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years  
142.21 and applying in a manner specified by the executive director for the service pension. The  
142.22 service pension payable is the nonforfeitable percentage of the service pension under  
142.23 section 353G.09, subdivision 2, and is payable without any interest over the period of  
142.24 deferral.

142.25 Sec. 20. **[353G.11] SERVICE PENSION LEVELS.**

142.26 Subdivision 1. Levels. The retirement plan provides the following levels of service  
142.27 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

142.28	<u>Level A</u>	<u>\$500 per year of good time service credit</u>
142.29	<u>Level B</u>	<u>\$750 per year of good time service credit</u>
142.30	<u>Level C</u>	<u>\$1,000 per year of good time service credit</u>
142.31	<u>Level D</u>	<u>\$1,500 per year of good time service credit</u>
142.32	<u>Level E</u>	<u>\$2,000 per year of good time service credit</u>
142.33	<u>Level F</u>	<u>\$2,500 per year of good time service credit</u>
142.34	<u>Level G</u>	<u>\$3,000 per year of good time service credit</u>
142.35	<u>Level H</u>	<u>\$3,500 per year of good time service credit</u>

143.1	<u>Level I</u>	<u>\$4,000 per year of good time service credit</u>
143.2	<u>Level J</u>	<u>\$4,500 per year of good time service credit</u>
143.3	<u>Level K</u>	<u>\$5,000 per year of good time service credit</u>
143.4	<u>Level L</u>	<u>\$5,500 per year of good time service credit</u>
143.5	<u>Level M</u>	<u>\$6,000 per year of good time service credit</u>
143.6	<u>Level N</u>	<u>\$6,500 per year of good time service credit</u>
143.7	<u>Level O</u>	<u>\$7,000 per year of good time service credit</u>
143.8	<u>Level P</u>	<u>\$7,500 per year of good time service credit</u>

143.9        Subd. 2. **Level selection.** At the time of the election to transfer retirement coverage,  
143.10 or on April 30 thereafter, the governing body or bodies of the entity or entities operating  
143.11 the fire department whose firefighters are covered by the retirement plan may request  
143.12 a cost estimate from the executive director of an increase in the service pension level  
143.13 applicable to the active firefighters of the fire department. Within 90 days of the receipt of  
143.14 the cost estimate prepared by the executive director using a procedure certified as accurate  
143.15 by the approved actuary retained by the Public Employees Retirement Association, the  
143.16 governing body or bodies may approve the service pension level change, effective for the  
143.17 following calendar year. If not approved in a timely fashion, the service pension level  
143.18 change is considered to have been disapproved.

143.19        Subd. 3. **Supplemental benefit.** The retirement plan also shall pay a supplemental  
143.20 benefit as provided for in section 424A.10.

143.21        Subd. 4. **Ancillary benefits.** No disability, death, funeral, or other ancillary benefit  
143.22 beyond a service pension or a survivor benefit is payable from the retirement plan.

143.23        **Sec. 21. [353G.12] SURVIVOR BENEFIT.**

143.24        Subdivision 1. **Entitlement.** (a) A survivor of a deceased active member of the  
143.25 retirement plan or a deceased deferred member of the retirement plan, upon application as  
143.26 prescribed by the executive director, is entitled to receive a survivor benefit.

143.27        (b) A survivor is the spouse of the member, or if none, the minor child or children of  
143.28 the member, or if none, the estate of the member.

143.29        Subd. 2. **Survivor benefit amount.** The amount of the survivor benefit is the  
143.30 amount of the service pension that would have been payable to the member of the  
143.31 retirement plan on the date of death if the member had been age 50 or older on that date.

143.32        **Sec. 22. [353G.13] PORTABILITY.**

143.33        Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement  
143.34 plan who also renders firefighting service and has good time service credit in the retirement  
143.35 plan from another fire department, if the good time service credit in the plan from a

144.1 combination of periods totals at least five years, is eligible, upon complying with the other  
144.2 requirements of section 353G.09, to receive a service pension upon filing an application in  
144.3 the manner prescribed by the executive director, computed as provided in subdivision 2.

144.4 Subd. 2. **Combined service pension computation.** The service pension payable to  
144.5 a firefighter who qualifies under subdivision 1 is the per year of good time service credit  
144.6 service pension amount in effect for each account in which the firefighter has good time  
144.7 service credit as of the date on which the firefighter terminated active service with the fire  
144.8 department associated with the applicable account, multiplied by the number of years of  
144.9 good time service credit that the firefighter has in the applicable account.

144.10 Subd. 3. **Payment.** A service pension under this section must be paid in a single  
144.11 payment, with the applicable portion of the total service pension payment amount  
144.12 deducted from each account.

144.13 **Sec. 23. [353G.14] PURCHASE OF ANNUITY CONTRACTS.**

144.14 The executive director may purchase an annuity contract on behalf of a retiring  
144.15 firefighter with a total premium payment in an amount equal to the lump-sum service  
144.16 pension payable under section 353G.09 if the purchase was requested by the retiring  
144.17 firefighter in a manner prescribed by the executive director. The annuity contract must  
144.18 be purchased from an insurance carrier that is licensed to do business in this state. If  
144.19 purchased, the annuity contract is in lieu of any service pension or other benefit from the  
144.20 retirement plan. The annuity contract may be purchased at any time after the volunteer  
144.21 firefighter discontinues active service, but the annuity contract must stipulate that no  
144.22 annuity amounts are payable before the former volunteer firefighter attains the age of 50.

144.23 **Sec. 24. [353G.15] INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

144.24 Upon receipt of a determination that the retirement plan is a qualified pension plan  
144.25 under section 401(a) of the Internal Revenue Code, as amended, the executive director,  
144.26 upon request, shall transfer the service pension amount under sections 353G.08 and  
144.27 353G.11 of a former volunteer firefighter who has terminated active firefighting services  
144.28 covered by the plan and who has attained the age of at least 50 years to the person's  
144.29 individual retirement account under section 408(a) of the federal Internal Revenue Code,  
144.30 as amended. The transfer request must be in a manner prescribed by the executive director  
144.31 and must be filed by the former volunteer firefighter who has sufficient service credit to be  
144.32 entitled to a service pension or, following the death of a participating active firefighter,  
144.33 must be filed by the deceased firefighter's surviving spouse.

145.1 Sec. 25. [353G.16] EXEMPTION FROM PROCESS.

145.2 The provisions of section 356.401 apply to the retirement plan.

145.3 Sec. 26. Minnesota Statutes 2008, section 356.20, subdivision 2, is amended to read:

145.4 Subd. 2. **Covered public pension plans and funds.** This section applies to the  
145.5 following public pension plans:

145.6 (1) the general state employees retirement plan of the Minnesota State Retirement  
145.7 System;

145.8 (2) the general employees retirement plan of the Public Employees Retirement  
145.9 Association;

145.10 (3) the Teachers Retirement Association;

145.11 (4) the State Patrol retirement plan;

145.12 (5) the St. Paul Teachers Retirement Fund Association;

145.13 (6) the Duluth Teachers Retirement Fund Association;

145.14 (7) the Minneapolis Employees Retirement Fund;

145.15 (8) the University of Minnesota faculty retirement plan;

145.16 (9) the University of Minnesota faculty supplemental retirement plan;

145.17 (10) the judges retirement fund;

145.18 (11) a police or firefighter's relief association specified or described in section 69.77,  
145.19 subdivision 1a;

145.20 (12) a volunteer firefighter relief association governed by section 69.771, subdivision  
145.21 1;

145.22 (13) the public employees police and fire plan of the Public Employees Retirement  
145.23 Association;

145.24 (14) the correctional state employees retirement plan of the Minnesota State  
145.25 Retirement System; ~~and~~

145.26 (15) the local government correctional service retirement plan of the Public  
145.27 Employees Retirement Association; and

145.28 (16) the voluntary statewide lump-sum volunteer firefighter retirement plan.

145.29 Sec. 27. Minnesota Statutes 2008, section 356.401, subdivision 3, is amended to read:

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

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

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

- 146.1 (3) the correctional state employees retirement plan of the Minnesota State  
146.2 Retirement System, established by chapter 352;
- 146.3 (4) the State Patrol retirement plan, established by chapter 352B;
- 146.4 (5) the elective state officers retirement plan, established by chapter 352C;
- 146.5 (6) the unclassified state employees retirement program, established by chapter  
146.6 352D;
- 146.7 (7) the general employees retirement plan of the Public Employees Retirement  
146.8 Association, established by chapter 353;
- 146.9 (8) the public employees police and fire plan of the Public Employees Retirement  
146.10 Association, established by chapter 353;
- 146.11 (9) the public employees defined contribution plan, established by chapter 353D;
- 146.12 (10) the local government correctional service retirement plan of the Public  
146.13 Employees Retirement Association, established by chapter 353E;
- 146.14 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,  
146.15 established by chapter 353G;
- 146.16 (12) the Teachers Retirement Association, established by chapter 354;
- 146.17 ~~(12)~~ (13) the Duluth Teachers Retirement Fund Association, established by chapter  
146.18 354A;
- 146.19 ~~(13) the Minneapolis Teachers Retirement Fund Association, established by chapter~~  
146.20 ~~354A;~~
- 146.21 (14) the St. Paul Teachers Retirement Fund Association, established by chapter  
146.22 354A;
- 146.23 (15) the individual retirement account plan, established by chapter 354B;
- 146.24 (16) the higher education supplemental retirement plan, established by chapter 354C;
- 146.25 (17) the Minneapolis Employees Retirement Fund, established by chapter 422A;
- 146.26 (18) the Minneapolis Police Relief Association, established by chapter 423B;
- 146.27 (19) the Minneapolis Firefighters Relief Association, established by chapter 423C;
- 146.28 and
- 146.29 (20) the judges retirement fund, established by chapter 490.

146.30 Sec. 28. Minnesota Statutes 2008, section 356.96, subdivision 1, is amended to read:

146.31 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that  
146.32 a different meaning is intended, for the purpose of this section, the terms in paragraphs  
146.33 (b) to (e) have the meanings given them.

146.34 (b) "Chief administrative officer" means the executive director of a covered pension  
146.35 plan or the executive director's designee or representative.

147.1 (c) "Covered pension plan" means a plan enumerated in section 356.20,  
147.2 subdivision 2, clauses (1) to (4), (10), and (13) to ~~(15)~~ (16), but does not mean the  
147.3 deferred compensation plan administered under sections 352.965 and 352.97 or to the  
147.4 postretirement health care savings plan administered under section 352.98.

147.5 (d) "Governing board" means the Board of Trustees of the Public Employees  
147.6 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or  
147.7 the Board of Directors of the Minnesota State Retirement System.

147.8 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in  
147.9 a covered pension plan or a beneficiary of a participant, or an individual who has applied  
147.10 to be a participant or who is or may be a survivor of a participant, or a state agency or  
147.11 other governmental unit that employs active participants in a covered pension plan.

147.12 Sec. 29. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

147.13 Subdivision 1. **Definitions.** For purposes of this section:

147.14 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
147.15 of pension or retirement benefits from a firefighters' relief association or from the  
147.16 voluntary statewide lump-sum volunteer firefighter retirement plan for service that the  
147.17 individual has performed as a volunteer firefighter;

147.18 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
147.19 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
147.20 minor children of a deceased volunteer firefighter;

147.21 (3) "active volunteer firefighter" means a person who regularly renders fire  
147.22 suppression service for a municipal fire department or an independent nonprofit firefighting  
147.23 corporation, who has met the statutory and other requirements for relief association  
147.24 membership, and who has been a fully qualified member of the relief association or from  
147.25 the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one  
147.26 month; and

147.27 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
147.28 terminated active firefighting service, has sufficient service credit from the applicable  
147.29 relief association or from the voluntary statewide lump-sum volunteer firefighter  
147.30 retirement plan to be entitled to a service pension, but has not applied for or has not  
147.31 received the service pension.

147.32 Sec. 30. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

147.33 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a  
147.34 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter

148.1 retirement plan of a lump-sum distribution to a qualified recipient, the association must  
148.2 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the  
148.3 contrary, the relief association must pay the supplemental benefit out of its special fund  
148.4 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay  
148.5 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter  
148.6 retirement plan. The amount of this benefit equals ten percent of the regular lump-sum  
148.7 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.  
148.8 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental  
148.9 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred  
148.10 volunteer firefighter in that capacity.

148.11 (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
148.12 survivor benefit ~~or funeral benefit~~ to a survivor of a deceased active volunteer firefighter  
148.13 or of a deceased deferred volunteer firefighter, the association may pay a supplemental  
148.14 survivor benefit to the survivor of the deceased active or deferred volunteer firefighter  
148.15 from the special fund of the relief association if its articles of incorporation or bylaws so  
148.16 provide and the retirement plan may pay a supplemental survivor benefit to the survivor of  
148.17 the deceased active or deferred volunteer firefighter from the retirement fund if chapter  
148.18 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the  
148.19 survivor benefit ~~or funeral benefit~~, but not to exceed \$2,000.

148.20 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
148.21 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
148.22 firefighter benefit.

148.23 Sec. 31. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

148.24 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement  
148.25 of the amount of supplemental benefits paid under subdivision 2 during the preceding  
148.26 calendar year, the relief association ~~must~~ or the voluntary statewide lump-sum volunteer  
148.27 firefighter retirement plan shall apply to the commissioner of revenue by February 15.  
148.28 By March 15, the commissioner shall reimburse the relief association for the amount of  
148.29 the supplemental benefits paid to qualified recipients and to survivors of deceased active  
148.30 or deferred volunteer firefighters.

148.31 (b) The commissioner of revenue shall prescribe the form of and supporting  
148.32 information that must be supplied as part of the application for state reimbursement.  
148.33 The commissioner of revenue shall reimburse the relief association by paying the  
148.34 reimbursement amount to the treasurer of the municipality where the association is  
148.35 located and shall reimburse the retirement plan by paying the reimbursement amount to

149.1 the executive director of the Public Employees Retirement Association. Within 30 days  
149.2 after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer  
149.3 of the association if the association has filed a financial report with the municipality. If  
149.4 the relief association has not filed a financial report with the municipality, the municipal  
149.5 treasurer shall delay transmission of the reimbursement payment to the association until  
149.6 the complete financial report is filed. If the association has dissolved or has been removed  
149.7 as a trustee of state aid, the treasurer shall deposit the money in a special account in the  
149.8 municipal treasury, and the money may be disbursed only for the purposes and in the  
149.9 manner provided in section 424A.08. When paid to the association, the reimbursement  
149.10 payment must be deposited in the special fund of the relief association and when paid to  
149.11 the retirement plan, the reimbursement payment must be deposited in the retirement  
149.12 fund of the plan.

149.13 (c) A sum sufficient to make the payments is appropriated from the general fund  
149.14 to the commissioner of revenue.

149.15 Sec. 32. **EFFECTIVE DATE.**

149.16 Sections 1 to 31 are effective August 1, 2009.

## 149.17 **ARTICLE 11**

### 149.18 **VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES**

149.19 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

149.20 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days  
149.21 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'  
149.22 relief association if there is one organized and the association has filed a financial report  
149.23 with the municipality. If the relief association has not filed a financial report with the  
149.24 municipality, the municipal treasurer shall delay transmission of the fire state aid to the  
149.25 relief association until the complete financial report is filed. If there is no relief association  
149.26 organized, or if the association has dissolved, or has been removed as trustees of state aid,  
149.27 then the treasurer of the municipality shall deposit the money in the municipal treasury  
149.28 ~~as provided for in section 424A.08~~ and the money may be disbursed only for the purposes  
149.29 and in the manner set forth in ~~the~~ section 424A.08 or for the payment of the employer  
149.30 contribution requirement with respect to firefighters covered by the public employees  
149.31 police and fire retirement plan under section 353.65, subdivision 3.

149.32 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
149.33 police state aid in the following manner:

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150.1 (1) For a municipality in which a local police relief association exists and all peace  
150.2 officers are members of the association, the total state aid must be transmitted to the  
150.3 treasurer of the relief association within 30 days of the date of receipt, and the treasurer  
150.4 of the relief association shall immediately deposit the total state aid in the special fund  
150.5 of the relief association;

150.6 (2) For a municipality in which police retirement coverage is provided by the public  
150.7 employees police and fire fund and all peace officers are members of the fund, including  
150.8 municipalities covered by section 353.665, the total state aid must be applied toward the  
150.9 municipality's employer contribution to the public employees police and fire fund under  
150.10 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

150.11 (3) For a municipality other than a city of the first class with a population of more  
150.12 than 300,000 in which both a police relief association exists and police retirement  
150.13 coverage is provided in part by the public employees police and fire fund, the municipality  
150.14 may elect at its option to transmit the total state aid to the treasurer of the relief association  
150.15 as provided in clause (1), to use the total state aid to apply toward the municipality's  
150.16 employer contribution to the public employees police and fire fund subject to all the  
150.17 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
150.18 transmitted to the police relief association as provided in this subdivision and to apply  
150.19 toward the municipality's employer contribution to the public employees police and fire  
150.20 fund subject to the provisions of clause (2) on the basis of the respective number of active  
150.21 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

150.22 For a city of the first class with a population of more than 300,000, in addition, the  
150.23 city may elect to allot the appropriate portion of the total police state aid to apply toward  
150.24 the employer contribution of the city to the public employees police and fire fund based  
150.25 on the covered salary of police officers covered by the fund each payroll period and to  
150.26 transmit the balance to the police relief association; or

150.27 (4) For a municipality in which police retirement coverage is provided in part by  
150.28 the public employees police and fire fund and in part by a local police consolidation  
150.29 account governed by chapter 353A and established before March 2, 1999, for which the  
150.30 municipality declined merger under section 353.665, subdivision 1, or established after  
150.31 March 1, 1999, the total police state aid must be applied towards the municipality's total  
150.32 employer contribution to the public employees police and fire fund and to the local police  
150.33 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

150.34 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
150.35 apply the total state aid toward the county's employer contribution to the public employees  
150.36 police and fire fund under section 353.65, subdivision 3.

151.1 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
151.2 police state aid for the Metropolitan Airports Commission, shall apply the total police  
151.3 state aid first toward the commission's employer contribution for police officers to the  
151.4 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
151.5 there is any amount of police state aid remaining, shall apply that remainder toward the  
151.6 commission's employer contribution for police officers to the public employees police and  
151.7 fire plan under section 353.65, subdivision 3.

151.8 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
151.9 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
151.10 finance for transfer to the funds and accounts from which the salaries of peace officers  
151.11 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
151.12 shall certify to the commissioners of public safety, natural resources, and finance the  
151.13 amounts to be transferred from the appropriation for police state aid. The commissioners  
151.14 of public safety and natural resources shall certify to the commissioner of finance the  
151.15 amounts to be credited to each of the funds and accounts from which the peace officers  
151.16 employed by their respective departments are paid. Each commissioner ~~must~~ shall allocate  
151.17 the police state aid first for employer contributions for employees funded from the general  
151.18 fund and then for employer contributions for employees funded from other funds. For  
151.19 peace officers whose salaries are paid from the general fund, the amounts transferred from  
151.20 the appropriation for police state aid must be canceled to the general fund.

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

151.22 Sec. 2. Minnesota Statutes 2008, section 69.771, subdivision 3, is amended to read:

151.23 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
151.24 there exists a firefighters' relief association as specified in subdivision 1 which does not  
151.25 comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of  
151.26 any applicable special law relating to the funding or financing of the association does  
151.27 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid  
151.28 under sections 69.011 to 69.051 until the reason for the disqualification specified by the  
151.29 state auditor is remedied, whereupon the municipality or relief association, if otherwise  
151.30 qualified, is entitled to again receive fire state aid for the year occurring immediately  
151.31 subsequent to the year in which the disqualification is remedied.

151.32 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
151.33 association is directly associated or a firefighters' relief association fails to comply with  
151.34 the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any  
151.35 applicable special law based upon the information contained in the annual financial report

152.1 of the firefighters' relief association required under section 69.051, the actuarial valuation  
152.2 of the relief association, if applicable, the relief association officers' financial requirements  
152.3 of the relief association and minimum municipal obligation determination documentation  
152.4 under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774,  
152.5 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or  
152.6 nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and  
152.7 any other relevant documents or reports obtained by the state auditor.

152.8 (c) The municipality or nonprofit firefighting corporation and the associated relief  
152.9 association are not eligible to receive or to retain fire state aid if:

152.10 (1) the relief association fails to prepare or to file the financial report or financial  
152.11 statement under section 69.051;

152.12 (2) the relief association treasurer is not bonded in the manner and in the amount  
152.13 required by section 69.051, subdivision 2;

152.14 (3) the relief association officers fail to determine or improperly determine the  
152.15 accrued liability and the annual accruing liability of the relief association under section  
152.16 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

152.17 (4) if applicable, the relief association officers fail to obtain and file a required  
152.18 actuarial valuation or the officers file an actuarial valuation that does not contain the  
152.19 special fund actuarial liability calculated under the entry age normal actuarial cost  
152.20 method, the special fund current assets, the special fund unfunded actuarial accrued  
152.21 liability, the special fund normal cost under the entry age normal actuarial cost method,  
152.22 the amortization requirement for the special fund unfunded actuarial accrued liability  
152.23 by the applicable target date, a summary of the applicable benefit plan, a summary of  
152.24 the membership of the relief association, a summary of the actuarial assumptions used  
152.25 in preparing the valuation, and a signed statement by the actuary attesting to its results  
152.26 and certifying to the qualifications of the actuary as an approved actuary under section  
152.27 356.215, subdivision 1, paragraph (c);

152.28 (5) the municipality failed to provide a municipal contribution, or the nonprofit  
152.29 firefighting corporation failed to provide a corporate contribution, in the amount equal  
152.30 to the minimum municipal obligation if the relief association is governed under section  
152.31 69.772, or the amount necessary, when added to the fire state aid actually received  
152.32 in the plan year in question, to at least equal in total the calculated annual financial  
152.33 requirements of the special fund of the relief association if the relief association is  
152.34 governed under section 69.773, and, if the municipal or corporate contribution is deficient,  
152.35 the municipality failed to include the minimum municipal obligation certified under  
152.36 section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the

153.1 nonprofit firefighting corporation failed to include the minimum corporate obligation  
153.2 certified under section 69.774, subdivision 2, in the corporate budget;

153.3 (6) the defined benefit relief association did not receive municipal ratification for  
153.4 the most recent plan amendment when municipal ratification was required under section  
153.5 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

153.6 (7) the relief association invested special fund assets in an investment security  
153.7 that is not authorized under section 69.775;

153.8 (8) the relief association had an administrative expense that is not authorized under  
153.9 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that  
153.10 is not authorized under section 424A.08;

153.11 (9) the relief association officers fail to provide a complete and accurate public  
153.12 pension plan investment portfolio and performance disclosure under section 356.219;

153.13 (10) the relief association fails to obtain the acknowledgment from a broker of the  
153.14 statement of investment restrictions under section 356A.06, subdivision 8b;

153.15 (11) the relief association officers permitted to occur a prohibited transaction under  
153.16 section 356A.06, subdivision 9, or ~~424A.001~~ 424A.04, subdivision ~~7~~ 2a, or failed to  
153.17 undertake correction of a prohibited transaction that did occur; or

153.18 (12) the relief association pays a defined benefit service pension in an amount  
153.19 that is in excess of the applicable service pension maximum under section 424A.02,  
153.20 subdivision 3.

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

153.22 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

153.23 Subd. 4. **Certification of financial requirements and minimum municipal**

153.24 **obligation; levy.** (a) The officers of the relief association shall certify the financial

153.25 requirements of the special fund of the relief association and the minimum obligation of

153.26 the municipality with respect to the special fund of the relief association as determined

153.27 under subdivision 3 to the governing body of the municipality on or before August 1 of

153.28 each year. The financial requirements of the relief association and the minimum municipal

153.29 obligation must be included in the financial report or financial statement under section

153.30 69.051. The schedule forms related to the determination of the financial requirements

153.31 must be filed with the state auditor by March 31, annually, if the relief association is

153.32 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,

153.33 annually, if the relief association is required to file a financial report and audit under

153.34 section 69.051, subdivision 1.

154.1 (b) The municipality shall provide for at least the minimum obligation of the  
154.2 municipality with respect to the special fund of the relief association by tax levy or from  
154.3 any other source of public revenue.

154.4 (c) The municipality may levy taxes for the payment of the minimum municipal  
154.5 obligation without any limitation as to rate or amount and irrespective of any limitations  
154.6 imposed by other provisions of law upon the rate or amount of taxation until the balance  
154.7 of the special fund or any fund of the relief association has attained a specified level. In  
154.8 addition, any taxes levied under this section must not cause the amount or rate of any other  
154.9 taxes levied in that year or to be levied in a subsequent year by the municipality which are  
154.10 subject to a limitation as to rate or amount to be reduced.

154.11 (d) If the municipality does not include the full amount of the minimum municipal  
154.12 obligations in its levy for any year, the officers of the relief association shall certify that  
154.13 amount to the county auditor, who shall spread a levy in the amount of the certified  
154.14 minimum municipal obligation on the taxable property of the municipality.

154.15 (e) If the state auditor determines that a municipal contribution actually made in a  
154.16 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),  
154.17 the state auditor may request a copy of the certifications under this subdivision from the  
154.18 relief association or from the city. The relief association or the city, whichever applies,  
154.19 must provide the certifications within 14 days of the date of the request from the state  
154.20 auditor.

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

154.22 Sec. 4. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

154.23 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
154.24 relief association does not have a surplus over full funding pursuant to subdivision 3,  
154.25 clause (2), subclause (e), or if the municipality is required to provide financial support  
154.26 to the special fund of the relief association pursuant to this section, the adoption of or  
154.27 any amendment to the articles of incorporation or bylaws of a relief association which  
154.28 increases or otherwise affects the retirement coverage provided by or the service pensions  
154.29 or retirement benefits payable from the special fund of any relief association to which this  
154.30 section applies ~~shall~~ is not be effective until it is ratified by the governing body of the  
154.31 municipality in which the relief association is located and the officers of a relief association  
154.32 shall not seek municipal ratification prior to preparing and certifying an estimate of  
154.33 the expected increase in the accrued liability and annual accruing liability of the relief  
154.34 association attributable to the amendment. If the special fund of the relief association has  
154.35 a surplus over full funding pursuant to subdivision 3, clause (2), subclause (e), and if the

155.1 municipality is not required to provide financial support to the special fund of the relief  
155.2 association pursuant to this section, the relief association may adopt or amend its articles  
155.3 of incorporation or bylaws which increase or otherwise affect the retirement coverage  
155.4 provided by or the service pensions or retirement benefits payable from the special fund  
155.5 of the relief association which ~~shall be~~ are effective without municipal ratification so  
155.6 long as this does not cause the amount of the resulting increase in the accrued liability  
155.7 of the special fund of the relief association to exceed 90 percent of the amount of the  
155.8 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the  
155.9 financial requirements of the special fund of the relief association exceeding the expected  
155.10 amount of the future fire state aid to be received by the relief association as determined  
155.11 by the board of trustees following the preparation of an estimate of the expected increase  
155.12 in the accrued liability and annual accruing liability of the relief association attributable  
155.13 to the change. If a relief association adopts or amends its articles of incorporation or  
155.14 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to  
155.15 the amendment or adoption, the financial requirements of the special fund of the relief  
155.16 association pursuant to this section are such so as to require financial support from the  
155.17 municipality, the provision which was implemented without municipal ratification ~~shall~~  
155.18 is no longer ~~be~~ effective without municipal ratification and any service pensions or  
155.19 retirement benefits payable after that date ~~shall~~ may be paid only in accordance with the  
155.20 articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

155.22 Sec. 5. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

155.23 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
155.24 relief association does not have a surplus over full funding pursuant to subdivision 4, or if  
155.25 the municipality is required to provide financial support to the special fund of the relief  
155.26 association pursuant to this section, the adoption of or any amendment to the articles of  
155.27 incorporation or bylaws of a relief association which increases or otherwise affects the  
155.28 retirement coverage provided by or the service pensions or retirement benefits payable  
155.29 from the special fund of any relief association to which this section applies ~~shall~~ is not  
155.30 ~~be~~ effective until it is ratified by the governing body of the municipality in which the  
155.31 relief association is located. If the special fund of the relief association has a surplus over  
155.32 full funding pursuant to subdivision 4, and if the municipality is not required to provide  
155.33 financial support to the special fund of the relief association pursuant to this section,  
155.34 the relief association may adopt or amend its articles of incorporation or bylaws which  
155.35 increase or otherwise affect the retirement coverage provided by or the service pensions or

156.1 retirement benefits payable from the special fund of the relief association which ~~shall be~~  
156.2 are effective without municipal ratification so long as this does not cause the amount of  
156.3 the resulting increase in the accrued liability of the special fund of the relief association to  
156.4 exceed 90 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior  
156.5 year and this does not result in the financial requirements of the special fund of the relief  
156.6 association exceeding the expected amount of the future fire state aid to be received by the  
156.7 relief association as determined by the board of trustees following the preparation of an  
156.8 updated actuarial valuation including the proposed change or an estimate of the expected  
156.9 actuarial impact of the proposed change prepared by the actuary of the relief association.  
156.10 If a relief association adopts or amends its articles of incorporation or bylaws without  
156.11 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or  
156.12 adoption, the financial requirements of the special fund of the relief association pursuant to  
156.13 this section are such so as to require financial support from the municipality, the provision  
156.14 which was implemented without municipal ratification ~~shall~~ is no longer ~~be~~ effective  
156.15 without municipal ratification and any service pensions or retirement benefits payable  
156.16 after that date ~~shall be~~ may paid only in accordance with the articles of incorporation or  
156.17 bylaws as amended or adopted with municipal ratification.

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

156.19 Sec. 6. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

156.20 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include  
156.21 a written statement of the investment policy. Following that initial report, subsequent  
156.22 reports must include investment policy changes and the effective date of each policy  
156.23 change rather than a complete statement of investment policy, unless the state auditor  
156.24 requests submission of a complete current statement. The report must also include the  
156.25 information required by the following paragraphs, as applicable.

156.26 (b) If, after four years of reporting under this paragraph, the total portfolio time  
156.27 weighted rate of return, net of all investment related costs and fees, provided by the public  
156.28 pension plan differs by no more than 0.1 percent from the comparable return for the plan  
156.29 calculated by the Office of the State Auditor, and if a public pension plan has a total  
156.30 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the  
156.31 public pension plan's annual audit is performed by the state auditor or by the legislative  
156.32 auditor, the report required by subdivision 1 must include the market value of the total  
156.33 portfolio and the market value of each asset class included in the pension fund as of the  
156.34 beginning of the calendar year and as of the end of the calendar year. At the discretion of  
156.35 the state auditor, the public pension plan may be required to submit the market value of the

157.1 total portfolio and the market value of each investment account, investment portfolio, or  
157.2 asset class included in the pension fund for each month, and the amount and date of each  
157.3 injection and withdrawal to the total portfolio and to each investment account, investment  
157.4 portfolio, or asset class. If the market value of a public pension plan's fund drops below  
157.5 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any  
157.6 subsequent year in which the public pension plan is not fully invested as specified in  
157.7 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not  
157.8 performed by the state auditor or legislative auditor, paragraph (c) applies.

157.9 (c) If paragraph (b) would apply if the annual audit were provided by the state  
157.10 auditor or legislative auditor, the report required by subdivision 1 must include the market  
157.11 value of the total portfolio and the market value of each asset class included in the pension  
157.12 fund as of the beginning of the calendar year and for each month, and the amount and date  
157.13 of each injection and withdrawal to the total portfolio and to each investment account,  
157.14 investment portfolio, or asset class.

157.15 (d) For public pension plans to which paragraph (b) or (c) applies, the report required  
157.16 by subdivision 1 must also include a calculation of the total time-weighted rate of return  
157.17 available from index-matching investments assuming the asset class performance targets  
157.18 and target asset mix indicated in the written statement of investment policy. The provided  
157.19 information must include a description of indices used in the analyses and an explanation  
157.20 of why those indices are appropriate. This paragraph does not apply to any fully invested  
157.21 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of  
157.22 Investment under this paragraph is limited to information on the Minnesota public pension  
157.23 plans required to be invested by the State Board of Investment under section 11A.23.

157.24 (e) If a public pension plan has a total market value of less than \$25,000,000 as of  
157.25 the beginning of the calendar year and was never required to file under paragraph (b) or  
157.26 (c), the report required by subdivision 1 must include the amount and date of each total  
157.27 portfolio injection and withdrawal. In addition, the report must include the market value  
157.28 of the total portfolio as of the beginning of the calendar year and for each quarter.

157.29 (f) Any public pension plan reporting under paragraph (b) or (c) must include  
157.30 computed time-weighted rates of return with the report, in addition to all other required  
157.31 information, as applicable. The chief administrative officer of the public pension plan  
157.32 submitting the returns must certify, on a form prescribed by the state auditor, that the  
157.33 returns have been computed by the pension plan's investment performance consultant or  
157.34 custodial bank. The chief administrative officer of the public pension plan submitting the  
157.35 returns also must certify that the returns are net of all costs and fees, including investment  
157.36 management fees, and that the procedures used to compute the returns are consistent

158.1 with Bank Administration Institute studies of investment performance measurement  
158.2 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the  
158.3 certifications required under this paragraph are not provided, the reporting requirements of  
158.4 paragraph (c) apply.

158.5 (g) For public pension plans reporting under paragraph (e), the public pension plan  
158.6 must retain supporting information specifying the date and amount of each injection and  
158.7 withdrawal to each investment account and investment portfolio. The public pension plan  
158.8 must also retain the market value of each investment account and investment portfolio at  
158.9 the beginning of the calendar year and for each quarter. Information that is required to be  
158.10 collected and retained for any given year or years under this paragraph must be submitted  
158.11 to the Office of the State Auditor if the Office of the State Auditor requests in writing that  
158.12 the information be submitted by a public pension plan or plans, or be submitted by the  
158.13 State Board of Investment for any plan or plans for which the State Board of Investment is  
158.14 the investment authority under this section. If the state auditor requests information under  
158.15 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties  
158.16 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

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

158.18 Sec. 7. **[420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**  
158.19 **FIREFIGHTERS.**

158.20 It is unlawful for any municipality or independent nonprofit firefighting corporation  
158.21 to employ a minor to serve as a firefighter or to permit a minor to serve in any capacity  
158.22 performing any firefighting duties with a fire department, except for members of a youth,  
158.23 civic, or educational organization or program who participate with uninterrupted adult  
158.24 supervision, as allowed by federal law and by section 181A.04. Such organizations or  
158.25 programs include, but are not limited to, Boy Scout Explorer programs or firefighting  
158.26 degree programs.

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

158.28 Sec. 8. Minnesota Statutes 2008, section 424A.001, subdivision 1, is amended to read:

158.29 Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as  
158.30 used in this chapter, the terms defined in this section have the meanings given.

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

158.32 Sec. 9. Minnesota Statutes 2008, section 424A.001, subdivision 1a, is amended to read:

159.1 Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the  
159.2 special fund of the relief association other than a service pension that is permitted by law  
159.3 and that is provided for in the relief association bylaws.

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

159.5 Sec. 10. Minnesota Statutes 2008, section 424A.001, is amended by adding a  
159.6 subdivision to read:

159.7 Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association"  
159.8 means a volunteer firefighters' relief association that provides a lump-sum service pension,  
159.9 provides a monthly benefit service pension, or provides a lump-sum service pension as an  
159.10 alternative to the monthly benefit service pension.

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

159.12 Sec. 11. Minnesota Statutes 2008, section 424A.001, is amended by adding a  
159.13 subdivision to read:

159.14 Subd. 1c. **Defined contribution relief association.** "Defined contribution relief  
159.15 association" means a volunteer firefighters' relief association that provides a service  
159.16 pension based solely on an individual account balance rather than a specified annual  
159.17 lump-sum or monthly benefit service pension amount.

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

159.19 Sec. 12. Minnesota Statutes 2008, section 424A.001, subdivision 2, is amended to read:

159.20 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department  
159.21 ~~and~~ or an independent nonprofit firefighting corporation.

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

159.23 Sec. 13. Minnesota Statutes 2008, section 424A.001, subdivision 3, is amended to read:

159.24 Subd. 3. **Municipality.** "Municipality" means a municipality which has  
159.25 established a fire department with which the relief association is directly associated, or  
159.26 the municipalities which have entered into a contract with the independent nonprofit  
159.27 firefighting corporation of which the relief association is a subsidiary.

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

159.29 Sec. 14. Minnesota Statutes 2008, section 424A.001, subdivision 4, is amended to read:

160.1 Subd. 4. **Relief association.** "Relief association" means ~~(a)~~  
160.2 (1) a volunteer firefighters' relief association or a volunteer firefighters' division or  
160.3 account of a partially salaried and partially volunteer firefighters' relief association that is  
160.4 organized and incorporated under chapter 317A and any laws of the state, is governed by  
160.5 this chapter and chapter 69, and is directly associated with a fire department established by  
160.6 municipal ordinance; or  
160.7 ~~(b)~~ (2) any ~~separate~~ separately incorporated volunteer firefighters' relief association  
160.8 that is subsidiary to and ~~providing~~ that provides service pension and retirement benefit  
160.9 coverage for members of an independent nonprofit firefighting corporation that is  
160.10 organized under the provisions of chapter 317A, is governed by this chapter, and ~~operating~~  
160.11 operates exclusively for firefighting purposes. A relief association is a governmental entity  
160.12 that receives and manages public money to provide retirement benefits for individuals  
160.13 providing the governmental services of firefighting and emergency first response.

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

160.15 Sec. 15. Minnesota Statutes 2008, section 424A.001, subdivision 5, is amended to read:

160.16 Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer  
160.17 firefighters' relief association or the account for volunteer firefighters within the special  
160.18 fund of a partially salaried and partially volunteer firefighters' relief association.

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

160.20 Sec. 16. Minnesota Statutes 2008, section 424A.001, subdivision 6, is amended to read:

160.21 Subd. 6. **Surviving spouse.** For purposes of this chapter, and the ~~governing~~  
160.22 ~~of any governing~~ a relief association to which this chapter applies, ~~the term~~ "surviving  
160.23 spouse" means the spouse of a deceased member who was legally married to the member  
160.24 at the time of the member's death.

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

160.26 Sec. 17. Minnesota Statutes 2008, section 424A.001, subdivision 8, is amended to read:

160.27 Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality  
160.28 approves for a fire department that is a municipal department, or if the applicable  
160.29 contracting municipality or municipalities approve for a fire department that is an  
160.30 independent nonprofit firefighting corporation, includes fire department service rendered  
160.31 by fire prevention personnel.

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

161.2 Sec. 18. Minnesota Statutes 2008, section 424A.001, subdivision 9, is amended to read:

161.3 Subd. 9. **Separate from active service.** "Separate from active service" means  
161.4 ~~to~~ that a firefighter permanently ceases to perform fire suppression duties with  
161.5 a particular volunteer fire department, ~~to~~ permanently ceases to perform fire  
161.6 prevention duties, ~~to~~ permanently ceases to supervise fire suppression duties, and ~~to~~  
161.7 permanently ceases to supervise fire prevention duties.

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

161.9 Sec. 19. Minnesota Statutes 2008, section 424A.001, subdivision 10, is amended to  
161.10 read:

161.11 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

161.12 (1) was a member of the applicable fire department or the independent nonprofit  
161.13 firefighting corporation and a member of the relief association on July 1, 2006; or

161.14 (2) became a member of the applicable fire department or the independent nonprofit  
161.15 firefighting corporation and is eligible for membership in the applicable relief association  
161.16 after June 30, 2006, and

161.17 (i) is engaged in providing emergency response services or delivering fire education  
161.18 or prevention services as a member of a municipal fire department, a joint powers entity  
161.19 fire department, or an independent nonprofit firefighting corporation;

161.20 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire  
161.21 prevention duties under subdivision 8; and

161.22 (iii) meets any other minimum firefighter and service standards established by the  
161.23 fire department or the independent nonprofit firefighting corporation or specified in the  
161.24 articles of incorporation or bylaws of the relief association.

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

161.26 Sec. 20. **[424A.002] AUTHORIZATION OF NEW OR CONTINUING**  
161.27 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.**

161.28 Subdivision 1. **Authorization.** A municipal fire department or an independent  
161.29 nonprofit firefighting corporation, with approval by the applicable municipality or  
161.30 municipalities, may establish a new volunteer firefighters' relief association or may retain  
161.31 an existing volunteer firefighters' relief association.

162.1 Subd. 2. **Defined benefit or defined contribution relief association.** The articles  
162.2 of incorporation or the bylaws of the volunteer firefighters' relief association must specify  
162.3 that the relief association is either a defined benefit relief association subject to sections  
162.4 69.771 to 69.774, 424A.015, and 424A.02 or is a defined contribution relief association  
162.5 subject to sections 424A.015 and 424A.016.

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

162.7 Sec. 21. Minnesota Statutes 2008, section 424A.01, is amended to read:

162.8 **424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF**  
162.9 **ASSOCIATION.**

162.10 Subdivision 1. **Minors.** ~~It is unlawful for any~~ (a) No volunteer firefighters' relief  
162.11 association associated with a municipality or an independent nonprofit firefighting  
162.12 corporation to employ may include as a relief association member a minor serving as  
162.13 a volunteer firefighter or to permit a minor to serve in any capacity performing any  
162.14 firefighting duties with a volunteer fire department, except for members of a youth,  
162.15 civic, or educational organization or program who participate with uninterrupted adult  
162.16 supervision, as allowed by federal law and by section 181A.04. Such organizations or  
162.17 programs include, but are not limited to, Boy Scout Explorer programs or firefighting  
162.18 degree programs.

162.19 (b) No volunteer firefighters' relief association associated with a municipality or an  
162.20 independent nonprofit firefighting corporation may include as a relief association member  
162.21 a minor serving as a volunteer firefighter.

162.22 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a  
162.23 substitute volunteer firefighter ~~shall be deemed~~ may be considered to be a firefighter for  
162.24 purposes of chapter 69 or this chapter ~~nor shall be~~ and no substitute volunteer firefighter is  
162.25 authorized to be a member of any volunteer firefighters' relief association governed by  
162.26 chapter 69 or this chapter.

162.27 Subd. 3. **Status of nonmember volunteer firefighters.** No person who is serving  
162.28 as a firefighter in a fire department but who is not a member of the applicable firefighters'  
162.29 relief association ~~shall be~~ is entitled to any service pension or ancillary benefits from  
162.30 the relief association.

162.31 Subd. 4. **Exclusion of persons constituting an unwarranted health risk.** The  
162.32 board of trustees of every relief association may exclude from membership in the relief  
162.33 association all applicants who, due to some medically determinable physical or mental  
162.34 impairment or condition, ~~would~~ is determined to constitute a predictable and unwarranted

163.1 risk of imposing liability for an ancillary benefit at any age earlier than the minimum  
163.2 age specified for receipt of a service pension. Notwithstanding any provision of section  
163.3 363A.25, it ~~shall be~~ is a good and valid defense to a complaint or action brought under  
163.4 chapter 363A that the board of trustees of the relief association made a good faith  
163.5 determination that the applicant suffers from an impairment or condition constituting a  
163.6 predictable and unwarranted risk for the relief association if the determination was made  
163.7 following consideration of: ~~(a)~~ (1) the person's medical history; and ~~(b)~~ (2) the report of  
163.8 the physician completing a physical examination of the applicant ~~completed~~ undertaken at  
163.9 the expense of the relief association.

163.10       Subd. 5. **Fire prevention personnel.** (a) If the fire department is a municipal  
163.11 department and the applicable municipality approves, or if the fire department is an  
163.12 independent nonprofit firefighting corporation and the contracting municipality or  
163.13 municipalities approve, the fire department may employ or otherwise utilize the services  
163.14 of persons as volunteer firefighters to perform fire prevention duties and to supervise  
163.15 fire prevention activities.

163.16       (b) Personnel serving in fire prevention positions are eligible to be members of  
163.17 the applicable volunteer firefighter relief association and to qualify for service pension  
163.18 or other benefit coverage of the relief association on the same basis as fire department  
163.19 personnel who perform fire suppression duties.

163.20       (c) Personnel serving in fire prevention positions also are eligible to receive any  
163.21 other benefits under the applicable law or practice for services on the same basis as  
163.22 personnel who are employed to perform fire suppression duties.

163.23       Subd. 6. Return to active firefighting after break in service. (a) If a former active  
163.24 firefighter who has ceased to perform or supervise fire suppression and fire prevention  
163.25 duties for at least 60 days resumes performing active firefighting with the fire department  
163.26 associated with the relief association, if the bylaws of the relief association so permit, the  
163.27 person may again become an active member of the relief association.

163.28       (b) A firefighter who returns to active relief association membership under paragraph  
163.29 (a) may qualify for the receipt of a service pension from the relief association for the  
163.30 resumption service period if the firefighter meets a minimum period of resumption service  
163.31 specified in the relief association bylaws.

163.32       (c) A firefighter who returns to active lump-sum relief association membership and  
163.33 who qualifies for a service pension under paragraph (b) must have, upon a subsequent  
163.34 cessation of duties, any service pension for the resumption service period calculated as  
163.35 a separate benefit. If a lump-sum service pension had been paid to the firefighter upon  
163.36 the firefighter's previous cessation of duties, a second lump-sum service pension for the

164.1 resumption service period must be calculated to apply the service pension amount in effect  
164.2 on the date of the firefighter's termination of the resumption service for all years of the  
164.3 resumption service. No firefighter may be paid a service pension twice for the same period  
164.4 of service. If a lump-sum service pension had not been paid to the firefighter upon the  
164.5 firefighter's previous cessation of duties and the firefighter meets the minimum service  
164.6 requirement of section 424A.02, subdivision 2, a service pension must be calculated to  
164.7 apply the service pension amount in effect on the date of the firefighter's termination of the  
164.8 resumption service for all years of service credit.

164.9 (d) A firefighter who had not been paid a lump-sum service pension returns to active  
164.10 relief association membership under paragraph (a), who does not qualify for a service  
164.11 pension under paragraph (b), but who does meet the minimum service requirement of  
164.12 section 424A.02, subdivision 2, based on the firefighter's previous years of active service,  
164.13 must have, upon a subsequent cessation of duties, a service pension calculated for the  
164.14 previous years of service based on the service pension amount in effect on the date of the  
164.15 firefighter's termination of the resumption service, or, if the bylaws so provide, based on the  
164.16 service pension amount in effect on the date of the firefighter's previous cessation of duties.

164.17 (e) If a firefighter receiving a monthly benefit service pension returns to active  
164.18 monthly benefit relief association membership under paragraph (a), any monthly benefit  
164.19 service pension payable to the firefighter is suspended as of the first day of the month next  
164.20 following the date on which the firefighter returns to active membership. If the firefighter  
164.21 was receiving a monthly benefit service pension, and qualifies for a service pension under  
164.22 paragraph (b), the firefighter is entitled to an additional monthly benefit service pension  
164.23 upon a subsequent cessation of duties calculated based on the resumption service credit  
164.24 and the service pension accrual amount in effect on the date of the termination of the  
164.25 resumption service. The suspended initial service pension resumes as of the first of  
164.26 the month next following the termination of the resumption service. If the firefighter  
164.27 was not receiving a monthly benefit service pension and meets the minimum service  
164.28 requirement of section 424A.02, subdivision 2, a service pension must be calculated to  
164.29 apply the service pension amount in effect on the date of the firefighter's termination of the  
164.30 resumption service for all years of service credit.

164.31 (f) A firefighter who was not receiving a monthly benefit service pension returns  
164.32 to active relief association membership under paragraph (a), who does not qualify for a  
164.33 service pension under paragraph (b), but who does meet the minimum service requirement  
164.34 of section 424A.02, subdivision 2, based on the firefighter's previous years of active  
164.35 service, must have, upon a subsequent cessation of duties, a service pension calculated for  
164.36 the previous years of service based on the service pension amount in effect on the date

165.1 of the firefighter's termination of the resumption service, or, if the bylaws so provide,  
165.2 based on the service pension amount in effect on the date of the firefighter's previous  
165.3 cessation of duties.

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

165.5 Sec. 22. **[424A.015] GENERALLY APPLICABLE VOLUNTEER**  
165.6 **FIREFIGHTERS' RELIEF ASSOCIATION PENSION PLAN REGULATION.**

165.7 Subdivision 1. **Separation from active service; exception.** (a) No service pension  
165.8 is payable to a person while the person remains an active member of the respective fire  
165.9 department, and a person who is receiving a service pension is not entitled to receive any  
165.10 other benefits from the special fund of the relief association.

165.11 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a  
165.12 service pension or disability benefit to a former member of the relief association if that  
165.13 person has not separated from active service with the fire department to which the relief  
165.14 association is directly associated, unless:

165.15 (1) the person is employed subsequent to retirement by the municipality or the  
165.16 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
165.17 the municipal fire department or corporation on a full-time basis;

165.18 (2) the governing body of the municipality or of the corporation has filed its  
165.19 determination with the board of trustees of the relief association that the person's  
165.20 experience with and service to the fire department in that person's full-time capacity  
165.21 would be difficult to replace; and

165.22 (3) the bylaws of the relief association were amended to provide for the payment of  
165.23 a service pension or disability benefit for such full-time employees.

165.24 Subd. 2. **No assignment or garnishment.** A service pension or ancillary benefits  
165.25 paid or payable from the special fund of a relief association to any person receiving or  
165.26 entitled to receive a service pension or ancillary benefits is not subject to garnishment,  
165.27 judgment, execution, or other legal process, except as provided in section 518.58, 518.581,  
165.28 or 518A.53. No person entitled to a service pension or ancillary benefits from the special  
165.29 fund of a relief association may assign any service pension or ancillary benefit payments,  
165.30 and the association does not have the authority to recognize any assignment or pay over  
165.31 any sum which has been assigned.

165.32 Subd. 3. **Purchase of annuity contract.** A relief association that provides a service  
165.33 pension in a single payment, if the governing articles of incorporation or bylaws so  
165.34 provide, may purchase an annuity contract on behalf of a retiring member in an amount  
165.35 equal to the service pension otherwise payable at the request of the person and in place of

166.1 a direct payment to the person. The annuity contract must be purchased from an insurance  
166.2 carrier licensed to do business in this state.

166.3 Subd. 4. **Transfer to individual retirement account.** A relief association that is a  
166.4 qualified pension plan under section 401(a) of the Internal Revenue Code, as amended,  
166.5 and that provides a single payment service pension, at the written request of the applicable  
166.6 retiring member or, following the death of the active member, at the written request of the  
166.7 deceased member's surviving spouse, may directly transfer on an institution-to-institution  
166.8 basis the eligible member's lump-sum pension or the death or survivor benefit attributable  
166.9 to the member, whichever applies, to the requesting person's individual retirement account  
166.10 under section 408(a) of the Internal Revenue Code, as amended.

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

166.12 Sec. 23. **[424A.016] DEFINED CONTRIBUTION VOLUNTEER**  
166.13 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

166.14 Subdivision 1. **Defined contribution relief association authorization.** If the  
166.15 articles of incorporation or the bylaws governing the volunteer firefighters' relief  
166.16 association so provide exclusively, the relief association may pay a defined contribution  
166.17 lump-sum service pension instead of a defined benefit service pension governed by section  
166.18 424A.02.

166.19 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
166.20 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
166.21 special fund a defined contribution service pension to each of its members who:

166.22 (1) separates from active service with the fire department;

166.23 (2) reaches age 50;

166.24 (3) completes at least five years of active service as an active member of the  
166.25 municipal fire department to which the relief association is associated;

166.26 (4) completes at least five years of active membership with the relief association  
166.27 before separation from active service; and

166.28 (5) complies with any additional conditions as to age, service, and membership that  
166.29 are prescribed by the bylaws of the relief association.

166.30 (b) In the case of a member who has completed at least five years of active service as  
166.31 an active member of the fire department to which the relief association is associated on  
166.32 the date that the relief association is established and incorporated, the requirement that  
166.33 the member complete at least five years of active membership with the relief association  
166.34 before separation from active service may be waived by the board of trustees of the relief  
166.35 association if the member completes at least five years of inactive membership with the

167.1 relief association before the date of the payment of the service pension. During the period  
 167.2 of inactive membership, the member is not entitled to receive any disability benefit  
 167.3 coverage, is not entitled to receive additional individual account allocation of fire state  
 167.4 aid or municipal contribution towards a service pension, and is considered to have the  
 167.5 status of a person entitled to a deferred service pension.

167.6 (c) The service pension earned by a volunteer under this chapter and the articles  
 167.7 of incorporation and bylaws of the relief association may be paid whether or not the  
 167.8 municipality or nonprofit firefighting corporation to which the relief association is  
 167.9 associated qualifies for the receipt of fire state aid under chapter 69.

167.10 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a  
 167.11 defined contribution relief association so provide, a relief association may pay a reduced  
 167.12 service pension not to exceed the nonforfeitable percentage of the account balance to a  
 167.13 retiring member who has completed fewer than 20 years of service. The reduced service  
 167.14 pension may be paid when the retiring member meets the minimum age and service  
 167.15 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are  
 167.16 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>

167.25 Subd. 4. **Individual accounts.** (a) An individual account must be established for  
 167.26 each firefighter who is a member of the relief association.

167.27 (b) To each individual active member account must be credited an equal share of:

167.28 (1) any amounts of fire state aid received by the relief association;

167.29 (2) any amounts of municipal contributions to the relief association raised from  
 167.30 levies on real estate or from other available municipal revenue sources exclusive of fire  
 167.31 state aid; and

167.32 (3) any amounts equal to the share of the assets of the special fund to the credit of:

167.33 (i) any former member who terminated active service with the fire department to

167.34 which the relief association is associated before meeting the minimum service requirement  
 167.35 provided for in subdivision 2, paragraph (b), and has not returned to active service with  
 167.36 the fire department for a period no shorter than five years; or

168.1 (ii) any retired member who retired before obtaining a full nonforfeitable interest in  
168.2 the amounts credited to the individual member account under subdivision 2, paragraph  
168.3 (b), and any applicable provision of the bylaws of the relief association. In addition, any  
168.4 investment return on the assets of the special fund must be credited in proportion to the  
168.5 share of the assets of the special fund to the credit of each individual active member  
168.6 account. Administrative expenses of the relief association payable from the special  
168.7 fund may be deducted from individual accounts in a manner specified in the bylaws of  
168.8 the relief association.

168.9 (c) Amounts to be credited to individual accounts must be allocated uniformly for all  
168.10 years of active service and allocations must be made for all years of service, except for  
168.11 caps on service credit if so provided in the bylaws of the relief association. The allocation  
168.12 method may utilize monthly proration for fractional years of service, as the bylaws or  
168.13 articles of incorporation of the relief association so provide. The bylaws or articles of  
168.14 incorporation may define a "month," but the definition must require a calendar month to  
168.15 have at least 16 days of active service. If the bylaws or articles of incorporation do not  
168.16 define a "month," a "month" is a completed calendar month of active service measured  
168.17 from the member's date of entry to the same date in the subsequent month.

168.18 (d) At the time of retirement under subdivision 2 and any applicable provision of the  
168.19 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
168.20 of the special fund to the credit of the member in the individual member account which is  
168.21 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
168.22 association based on the number of years of service to the credit of the retiring member.

168.23 (e) Annually, the secretary of the relief association shall certify the individual  
168.24 account allocations to the state auditor at the same time that the annual financial statement  
168.25 or financial report and audit of the relief association, whichever applies, is due under  
168.26 section 69.051.

168.27 Subd. 5. **Service pension installment payments.** A defined contribution relief  
168.28 association, if the governing bylaws so provide, may pay, at the option of the retiring  
168.29 member and in lieu of a single payment of a service pension, the service pension in  
168.30 installments. The election of installment payments is irrevocable and must be made by the  
168.31 retiring member in writing and filed with the secretary of the relief association no later  
168.32 than 30 days before the commencement of payment of the service pension. The amount of  
168.33 the installment payments must be the fractional portion of the remaining account balance  
168.34 equal to one divided by the number of remaining annual installment payments.

168.35 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
168.36 to a deferred service pension if the member:

169.1 (1) has completed the lesser of the minimum period of active service with the fire  
169.2 department specified in the bylaws or 20 years of active service with the fire department;

169.3 (2) has completed at least five years of active membership in the relief association;  
169.4 and

169.5 (3) separates from active service and membership before reaching age 50 or the  
169.6 minimum age for retirement and commencement of a service pension specified in the  
169.7 bylaws governing the relief association if that age is greater than age 50.

169.8 (b) The deferred service pension is payable when the former member reaches age  
169.9 50, or the minimum age specified in the bylaws governing the relief association if that age  
169.10 is greater than age 50, and when the former member makes a valid written application.

169.11 (c) A defined contribution relief association may, if its governing bylaws so provide,  
169.12 credit interest or additional investment performance on the deferred lump-sum service  
169.13 pension during the period of deferral. If provided for in the bylaws, the interest must be  
169.14 paid:

169.15 (1) at the investment performance rate actually earned on that portion of the assets  
169.16 if the deferred benefit amount is invested by the relief association in a separate account  
169.17 established and maintained by the relief association or if the deferred benefit amount is  
169.18 invested in a separate investment vehicle held by the relief association; or

169.19 (2) the investment return on the assets of the special fund of the defined contribution  
169.20 volunteer firefighter relief association in proportion to the share of the assets of the special  
169.21 fund to the credit of each individual deferred member account through the date on which  
169.22 the investment return is recognized by and credited to the special fund.

169.23 (d) The deferred service pension is governed by and must be calculated under  
169.24 the general statute, special law, relief association articles of incorporation, and relief  
169.25 association bylaw provisions applicable on the date on which the member separated from  
169.26 active service with the fire department and active membership in the relief association.

169.27 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief  
169.28 association may only pay an ancillary benefit which would constitute an authorized  
169.29 disbursement as specified in section 424A.05. The ancillary benefit for active members  
169.30 must equal the vested or nonvested amount of the individual account of the member.

169.31 (b) For deferred members, the ancillary benefit must equal the vested amount of  
169.32 the individual account of the member. For the recipient of installment payments of a  
169.33 service pension, the ancillary benefit must equal the remaining balance in the individual  
169.34 account of the recipient.

169.35 Subd. 8. **Filing of bylaw amendments.** Each relief association to which this section  
169.36 applies must file a revised copy of its governing bylaws with the state auditor upon the

170.1 adoption of any amendment to its governing bylaws by the relief association. Failure of  
170.2 the relief association to file a copy of the bylaws or any bylaw amendments with the state  
170.3 auditor disqualifies the municipality from the distribution of any future fire state aid until  
170.4 this filing requirement has been completed.

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

170.6 Sec. 24. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

170.7 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
170.8 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund  
170.9 a defined benefit service pension to each of its members who: (1) separates from active  
170.10 service with the fire department; (2) reaches age 50; (3) completes at least five years of  
170.11 active service as an active member of the municipal fire department to which the relief  
170.12 association is associated; (4) completes at least five years of active membership with  
170.13 the relief association before separation from active service; and (5) complies with any  
170.14 additional conditions as to age, service, and membership that are prescribed by the bylaws  
170.15 of the relief association. A service pension computed under this section may be prorated  
170.16 monthly for fractional years of service; ~~if~~ as the bylaws or articles of incorporation of  
170.17 the relief association so provide. The bylaws or articles of incorporation may define  
170.18 a "month," but the definition must require a calendar month to have at least 16 days of  
170.19 active service. If the bylaws or articles of incorporation do not define a "month," a  
170.20 "month" is a completed calendar month of active service measured from the member's  
170.21 date of entry to the same date in the subsequent month. The service pension earned by a  
170.22 volunteer firefighter under this chapter and the articles of incorporation and bylaws of the  
170.23 volunteer firefighters' relief association may be paid whether or not the municipality or  
170.24 nonprofit firefighting corporation to which the relief association is associated qualifies for  
170.25 the receipt of fire state aid under chapter 69.

170.26 (b) In the case of a member who has completed at least five years of active service as  
170.27 an active member of the fire department to which the relief association is associated on  
170.28 the date that the relief association is established and incorporated, the requirement that  
170.29 the member complete at least five years of active membership with the relief association  
170.30 before separation from active service may be waived by the board of trustees of the relief  
170.31 association if the member completes at least five years of inactive membership with the  
170.32 relief association before the date of the payment of the service pension. During the  
170.33 period of inactive membership, the member is not entitled to receive disability benefit  
170.34 coverage, is not entitled to receive additional service credit towards computation of a

171.1 service pension, and is considered to have the status of a person entitled to a deferred  
171.2 service pension under subdivision 7.

171.3 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
171.4 take final action in setting a service pension or ancillary benefit amount or level to the  
171.5 board of trustees of the relief association or to approve in advance a service pension or  
171.6 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
171.7 would allow rather than a specific dollar amount or level.

171.8 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
171.9 defined benefit service pension or disability benefit to a former member of the relief  
171.10 association if that person has not separated from active service with the fire department to  
171.11 which the relief association is directly associated, unless:

171.12 (1) the person is employed subsequent to retirement by the municipality or the  
171.13 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
171.14 the municipal fire department or corporation on a full-time basis;

171.15 (2) the governing body of the municipality or of the corporation has filed its  
171.16 determination with the board of trustees of the relief association that the person's  
171.17 experience with and service to the fire department in that person's full-time capacity  
171.18 would be difficult to replace; and

171.19 (3) the bylaws of the relief association were amended to provide for the payment of  
171.20 a service pension or disability benefit for such full-time employees.

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

171.22 Sec. 25. Minnesota Statutes 2008, section 424A.02, subdivision 2, is amended to read:

171.23 Subd. 2. **Nonforfeitable portion of service pension.** (a) If the articles of  
171.24 incorporation or bylaws of a defined benefit relief association so provide, ~~a~~ the relief  
171.25 association may pay a reduced service pension to a retiring member who has completed  
171.26 fewer than 20 years of service. The reduced service pension may be paid when the retiring  
171.27 member meets the minimum age and service requirements of subdivision 1.

171.28 (b) The amount of the reduced service pension may not exceed the amount calculated  
171.29 by multiplying the service pension appropriate for the completed years of service as  
171.30 specified in the bylaws ~~times~~ multiplied by the applicable nonforfeitable percentage of  
171.31 pension.

171.32 (c) For a defined benefit volunteer firefighter relief association that pays a lump-sum  
171.33 service pension, a monthly benefit service pension, or a lump-sum service pension or a  
171.34 monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage  
171.35 of pension amounts are as follows:

172.1	Completed Years of Service	Nonforfeitable Percentage of
172.2		Pension Amount
172.3	5	40 percent
172.4	6	44 percent
172.5	7	48 percent
172.6	8	52 percent
172.7	9	56 percent
172.8	10	60 percent
172.9	11	64 percent
172.10	12	68 percent
172.11	13	72 percent
172.12	14	76 percent
172.13	15	80 percent
172.14	16	84 percent
172.15	17	88 percent
172.16	18	92 percent
172.17	19	96 percent
172.18	20 and thereafter	100 percent

172.19 ~~(d) For a volunteer firefighter relief association that pays a defined contribution~~  
 172.20 ~~service pension, the nonforfeitable percentage of pension amounts are as follows:~~

172.21	<del>Completed Years of Service</del>	<del>Nonforfeitable Percentage of</del>
172.22		<del>Pension Amount</del>
172.23	<del>5</del>	<del>40 percent</del>
172.24	<del>6</del>	<del>52 percent</del>
172.25	<del>7</del>	<del>64 percent</del>
172.26	<del>8</del>	<del>76 percent</del>
172.27	<del>9</del>	<del>88 percent</del>
172.28	<del>10 and thereafter</del>	<del>100 percent</del>

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

172.30 Sec. 26. Minnesota Statutes 2008, section 424A.02, subdivision 3, is amended to read:

172.31 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1  
 172.32 as part of the certification of the financial requirements and minimum municipal obligation  
 172.33 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,  
 172.34 the secretary or some other official of the relief association designated in the bylaws of  
 172.35 each defined benefit relief association shall calculate and certify to the governing body  
 172.36 of the applicable qualified municipality the average amount of available financing per  
 172.37 active covered firefighter for the most recent three-year period. The amount of available  
 172.38 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the  
 172.39 relief association, any amounts of municipal contributions to the relief association raised

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173.1 from levies on real estate or from other available revenue sources exclusive of fire state  
173.2 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
173.3 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;  
173.4 or 69.774, subdivision 2, if any.

173.5 (b) The maximum service pension which the defined benefit relief association has  
173.6 authority to provide for in its bylaws for payment to a member retiring after the calculation  
173.7 date when the minimum age and service requirements specified in subdivision 1 are met  
173.8 must be determined using the table in paragraph (c) or (d), whichever applies.

173.9 (c) For a defined benefit relief association where the governing bylaws provide for  
173.10 a monthly service pension to a retiring member, the maximum monthly service pension  
173.11 amount per month for each year of service credited that may be provided for in the bylaws  
173.12 is the greater of the service pension amount provided for in the bylaws on the date of the  
173.13 calculation of the average amount of the available financing per active covered firefighter  
173.14 or the maximum service pension figure corresponding to the average amount of available  
173.15 financing per active covered firefighter:

173.16	Minimum Average Amount of Available	Maximum Service Pension Amount
173.17	Financing per Firefighter	Payable per Month for Each
173.18		Year of Service
173.19	\$ ...	\$ .25
173.20	41	.50
173.21	81	1.00
173.22	122	1.50
173.23	162	2.00
173.24	203	2.50
173.25	243	3.00
173.26	284	3.50
173.27	324	4.00
173.28	365	4.50
173.29	405	5.00
173.30	486	6.00
173.31	567	7.00
173.32	648	8.00
173.33	729	9.00
173.34	810	10.00
173.35	891	11.00
173.36	972	12.00
173.37	1053	13.00
173.38	1134	14.00
173.39	1215	15.00
173.40	1296	16.00
173.41	1377	17.00

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174.1	1458	18.00
174.2	1539	19.00
174.3	1620	20.00
174.4	1701	21.00
174.5	1782	22.00
174.6	1823	22.50
174.7	1863	23.00
174.8	1944	24.00
174.9	2025	25.00
174.10	2106	26.00
174.11	2187	27.00
174.12	2268	28.00
174.13	2349	29.00
174.14	2430	30.00
174.15	2511	31.00
174.16	2592	32.00
174.17	2673	33.00
174.18	2754	34.00
174.19	2834	35.00
174.20	2916	36.00
174.21	2997	37.00
174.22	3078	38.00
174.23	3159	39.00
174.24	3240	40.00
174.25	3321	41.00
174.26	3402	42.00
174.27	3483	43.00
174.28	3564	44.00
174.29	3645	45.00
174.30	3726	46.00
174.31	3807	47.00
174.32	3888	48.00
174.33	3969	49.00
174.34	4050	50.00
174.35	4131	51.00
174.36	4212	52.00
174.37	4293	53.00
174.38	4374	54.00
174.39	4455	55.00
174.40	4536	56.00
174.41	Effective beginning December 31, 2008	
174.42	4617	57.00
174.43	4698	58.00

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175.1	4779	59.00
175.2	4860	60.00
175.3	4941	61.00
175.4	5022	62.00
175.5	5103	63.00
175.6	5184	64.00
175.7	5265	65.00
175.8	Effective beginning December 31, 2009	
175.9	5346	66.00
175.10	5427	67.00
175.11	5508	68.00
175.12	5589	69.00
175.13	5670	70.00
175.14	5751	71.00
175.15	5832	72.00
175.16	5913	73.00
175.17	5994	74.00
175.18	Effective beginning December 31, 2010	
175.19	6075	75.00
175.20	6156	76.00
175.21	6237	77.00
175.22	6318	78.00
175.23	6399	79.00
175.24	6480	80.00
175.25	6561	81.00
175.26	6642	82.00
175.27	6723	83.00
175.28	Effective beginning December 31, 2011	
175.29	6804	84.00
175.30	6885	85.00
175.31	6966	86.00
175.32	7047	87.00
175.33	7128	88.00
175.34	7209	89.00
175.35	7290	90.00
175.36	7371	91.00
175.37	7452	92.00
175.38	Effective beginning December 31, 2012	
175.39	7533	93.00
175.40	7614	94.00
175.41	7695	95.00
175.42	7776	96.00
175.43	7857	97.00

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176.1	7938	98.00
176.2	8019	99.00
176.3	8100	100.00
176.4	any amount in excess of	
176.5	8100	100.00

176.6 (d) For a defined benefit relief association in which the governing bylaws provide  
 176.7 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 176.8 pension amount for each year of service credited that may be provided for in the bylaws is  
 176.9 the greater of the service pension amount provided for in the bylaws on the date of the  
 176.10 calculation of the average amount of the available financing per active covered firefighter  
 176.11 or the maximum service pension figure corresponding to the average amount of available  
 176.12 financing per active covered firefighter for the applicable specified period:

176.13	Minimum Average Amount of Available	Maximum Lump-Sum Service
176.14	Financing per Firefighter	Pension Amount Payable for
176.15		Each Year of Service
176.16	\$ ...	\$ 10
176.17	11	20
176.18	16	30
176.19	23	40
176.20	27	50
176.21	32	60
176.22	43	80
176.23	54	100
176.24	65	120
176.25	77	140
176.26	86	160
176.27	97	180
176.28	108	200
176.29	131	240
176.30	151	280
176.31	173	320
176.32	194	360
176.33	216	400
176.34	239	440
176.35	259	480
176.36	281	520
176.37	302	560
176.38	324	600
176.39	347	640
176.40	367	680
176.41	389	720
176.42	410	760

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177.1	432	800
177.2	486	900
177.3	540	1000
177.4	594	1100
177.5	648	1200
177.6	702	1300
177.7	756	1400
177.8	810	1500
177.9	864	1600
177.10	918	1700
177.11	972	1800
177.12	1026	1900
177.13	1080	2000
177.14	1134	2100
177.15	1188	2200
177.16	1242	2300
177.17	1296	2400
177.18	1350	2500
177.19	1404	2600
177.20	1458	2700
177.21	1512	2800
177.22	1566	2900
177.23	1620	3000
177.24	1672	3100
177.25	1726	3200
177.26	1753	3250
177.27	1780	3300
177.28	1820	3375
177.29	1834	3400
177.30	1888	3500
177.31	1942	3600
177.32	1996	3700
177.33	2023	3750
177.34	2050	3800
177.35	2104	3900
177.36	2158	4000
177.37	2212	4100
177.38	2265	4200
177.39	2319	4300
177.40	2373	4400
177.41	2427	4500
177.42	2481	4600
177.43	2535	4700

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178.1	2589	4800
178.2	2643	4900
178.3	2697	5000
178.4	2751	5100
178.5	2805	5200
178.6	2859	5300
178.7	2913	5400
178.8	2967	5500
178.9	3021	5600
178.10	3075	5700
178.11	3129	5800
178.12	3183	5900
178.13	3237	6000
178.14	3291	6100
178.15	3345	6200
178.16	3399	6300
178.17	3453	6400
178.18	3507	6500
178.19	3561	6600
178.20	3615	6700
178.21	3669	6800
178.22	3723	6900
178.23	3777	7000
178.24	3831	7100
178.25	3885	7200
178.26	3939	7300
178.27	3993	7400
178.28	4047	7500
178.29	Effective beginning December 31, 2008	
178.30	4101	7600
178.31	4155	7700
178.32	4209	7800
178.33	4263	7900
178.34	4317	8000
178.35	4371	8100
178.36	4425	8200
178.37	4479	8300
178.38	Effective beginning December 31, 2009	
178.39	4533	8400
178.40	4587	8500
178.41	4641	8600
178.42	4695	8700
178.43	4749	8800

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179.1	4803	8900
179.2	4857	9000
179.3	4911	9100
179.4	Effective beginning December 31, 2010	
179.5	4965	9200
179.6	5019	9300
179.7	5073	9400
179.8	5127	9500
179.9	5181	9600
179.10	5235	9700
179.11	5289	9800
179.12	5343	9900
179.13	5397	10,000
179.14	any amount in excess of	
179.15	5397	10,000

179.16 (e) For a defined benefit relief association in which the governing bylaws provide  
179.17 for a monthly benefit service pension as an alternative form of service pension payment  
179.18 to a lump-sum service pension, the maximum service pension amount for each pension  
179.19 payment type must be determined using the applicable table contained in this subdivision.

179.20 (f) If a defined benefit relief association establishes a service pension in compliance  
179.21 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
179.22 amount of available financing per active covered firefighter is subsequently reduced  
179.23 because of a reduction in fire state aid or because of an increase in the number of active  
179.24 firefighters, the relief association may continue to provide the prior service pension  
179.25 amount specified in its bylaws, but may not increase the service pension amount until  
179.26 the minimum average amount of available financing per firefighter under the table in  
179.27 paragraph (c) or (d), whichever applies, permits.

179.28 (g) No defined benefit relief association is authorized to provide a service pension in  
179.29 an amount greater than the largest applicable flexible service pension maximum amount  
179.30 even if the amount of available financing per firefighter is greater than the financing  
179.31 amount associated with the largest applicable flexible service pension maximum.

179.32 (h) The method of calculating service pensions must be applied uniformly for all  
179.33 years of active service. Credit must be given for all years of active service except for caps  
179.34 on service credit if so provided in the bylaws of the relief association.

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

179.36 Sec. 27. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

180.1 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
180.2 If a defined benefit relief association pays a service pension greater than the maximum  
180.3 service pension associated with the applicable average amount of available financing per  
180.4 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
180.5 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
180.6 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
180.7 less, the state auditor shall:

180.8 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
180.9 with the relief association from receiving fire state aid by making the appropriate  
180.10 notification to the municipality and the commissioner of revenue, with the disqualification  
180.11 applicable for the next apportionment and payment of fire state aid; and

180.12 (2) order the treasurer of the applicable relief association to recover the amount of  
180.13 the overpaid service pension or pensions from any retired firefighter who received an  
180.14 overpayment.

180.15 (b) Fire state aid amounts from disqualified municipalities for the period of  
180.16 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
180.17 fire insurance premium tax proceeds available for the next subsequent fire state aid  
180.18 apportionment.

180.19 (c) The amount of any overpaid service pension recovered under paragraph (a),  
180.20 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
180.21 available for the next subsequent fire state aid apportionment.

180.22 (d) The determination of the state auditor that a relief association has paid a service  
180.23 pension greater than the applicable maximum must be made on the basis of the information  
180.24 filed by the relief association and the municipality with the state auditor under sections  
180.25 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
180.26 relevant information that comes to the attention of the state auditor. The determination  
180.27 of the state auditor is final. An aggrieved municipality, relief association, or person may  
180.28 appeal the determination under section 480A.06.

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

180.30 Sec. 28. Minnesota Statutes 2008, section 424A.02, subdivision 7, is amended to read:

180.31 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
180.32 association is entitled to a deferred service pension if the member:

180.33 (1) has completed the lesser of either the minimum period of active service with  
180.34 the fire department specified in the bylaws or 20 years of active service with the fire  
180.35 department;

181.1 (2) has completed at least five years of active membership in the relief association;  
181.2 and

181.3 (3) separates from active service and membership before reaching age 50 or the  
181.4 minimum age for retirement and commencement of a service pension specified in the  
181.5 bylaws governing the relief association if that age is greater than age 50.

181.6 (b) The deferred service pension is payable when the former member reaches age  
181.7 50, or the minimum age specified in the bylaws governing the relief association if that age  
181.8 is greater than age 50, and when the former member makes a valid written application.

181.9 (c) A defined benefit relief association that provides a lump-sum service pension  
181.10 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
181.11 deferred lump-sum service pension during the period of deferral. If provided for in the  
181.12 bylaws, interest must be paid in one of the following manners:

181.13 (1) at the investment performance rate actually earned on that portion of the assets  
181.14 if the deferred benefit amount is invested by the relief association in a separate account  
181.15 established and maintained by the relief association or if the deferred benefit amount is  
181.16 invested in a separate investment vehicle held by the relief association; or

181.17 (2) at an interest rate of up to five percent, compounded annually, as set by the board  
181.18 of directors and approved as provided in subdivision 10.

181.19 (d) Interest under paragraph (c), clause (2), is payable following the date on which  
181.20 the municipality has approved the deferred service pension interest rate established by  
181.21 the board of trustees.

181.22 ~~(e) A relief association that provides a defined contribution service pension may,~~  
181.23 ~~if its governing bylaws so provide, credit interest or additional investment performance~~  
181.24 ~~on the deferred lump-sum service pension during the period of deferral. If provided for~~  
181.25 ~~in the bylaws, the interest must be paid in one of the manners specified in paragraph~~  
181.26 ~~(c) or alternatively the relief association may credit any investment return on the assets~~  
181.27 ~~of the special fund of the defined contribution volunteer firefighter relief association in~~  
181.28 ~~proportion to the share of the assets of the special fund to the credit of each individual~~  
181.29 ~~deferred member account through the date on which the investment return is recognized~~  
181.30 ~~by and credited to the special fund.~~

181.31 ~~(f)~~ (e) For a deferred service pension that is transferred to a separate account  
181.32 established and maintained by the relief association or separate investment vehicle held  
181.33 by the relief association, the deferred member bears the full investment risk subsequent  
181.34 to transfer and in calculating the accrued liability of the volunteer firefighters relief  
181.35 association that pays a lump-sum service pension, the accrued liability for deferred service

182.1 pensions is equal to the separate relief association account balance or the fair market value  
182.2 of the separate investment vehicle held by the relief association.

182.3 ~~(g)~~ (f) The deferred service pension is governed by and must be calculated under  
182.4 the general statute, special law, relief association articles of incorporation, and relief  
182.5 association bylaw provisions applicable on the date on which the member separated from  
182.6 active service with the fire department and active membership in the relief association.

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

182.8 Sec. 29. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

182.9 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined  
182.10 benefit relief association, if the governing bylaws so provide, may pay, at the option of the  
182.11 ~~retiring member~~ intended recipient and in lieu of a single payment of a lump-sum service  
182.12 pension or survivor benefit, a lump-sum service pension or survivor benefit in installments.

182.13 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be  
182.14 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of  
182.15 the relief association no later than 30 days ~~prior to~~ before the commencement of payment  
182.16 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~  
182.17 must be determined ~~so that the present value of the aggregate installment payments~~  
182.18 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~  
182.19 ~~of the single lump-sum payment which would have been made had the installment~~  
182.20 ~~payments option not been elected. The payment of each installment shall include interest~~  
182.21 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~  
182.22 ~~installment payments as of the date on which the previous installment payment was paid~~  
182.23 ~~and computed from the date on which the previous installment payment was paid to the~~  
182.24 ~~date of payment for the current installment payment~~ in any reasonable manner provided  
182.25 for in the governing bylaws, but the total amount of installment payments may not exceed  
182.26 the single payment service pension amount plus interest at an annual rate of five percent  
182.27 on the amount of delayed payments for the period during which payment was delayed.

182.28 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~  
182.29 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
182.30 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

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

182.32 Sec. 30. Minnesota Statutes 2008, section 424A.02, subdivision 9, is amended to read:

183.1 Subd. 9. **Limitation on ancillary benefits.** ~~Any~~ A defined benefit relief association,  
183.2 including any volunteer firefighters relief association governed by section 69.77 or any  
183.3 volunteer firefighters division of a relief association governed by chapter 424, may only  
183.4 pay ancillary benefits which would constitute an authorized disbursement as specified in  
183.5 section 424A.05 subject to the following requirements or limitations:

183.6 (1) with respect to a defined benefit relief association in which governing bylaws  
183.7 provide for a lump-sum service pension to a retiring member, no ancillary benefit may  
183.8 be paid to any former member or paid to any person on behalf of any former member  
183.9 after the former member (i) terminates active service with the fire department and active  
183.10 membership in the relief association; and (ii) commences receipt of a service pension as  
183.11 authorized under this section; and

183.12 (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
183.13 payable to any member, to any former member, or to any person on behalf of any member  
183.14 or former member, may exceed in amount the total earned service pension of the member  
183.15 or former member. The total earned service pension must be calculated by multiplying  
183.16 the service pension amount specified in the bylaws of the relief association at the time of  
183.17 death or disability, whichever applies, by the years of service credited to the member or  
183.18 former member. The years of service must be determined as of (i) the date the member or  
183.19 former member became entitled to the ancillary benefit; or (ii) the date the member or  
183.20 former member died entitling a survivor or the estate of the member or former member to  
183.21 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the  
183.22 member had attained the minimum amount of service and membership credit specified in  
183.23 the governing bylaws. For active members, the amount of a permanent disability benefit  
183.24 or a survivor benefit must be equal to the member's total earned service pension except  
183.25 that the bylaws of ~~any~~ a defined benefit relief association may provide for the payment of  
183.26 a survivor benefit in an amount not to exceed five times the yearly service pension amount  
183.27 specified in the bylaws on behalf of any member who dies before having performed five  
183.28 years of active service in the fire department with which the relief association is affiliated.

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

183.30 Sec. 31. Minnesota Statutes 2008, section 424A.02, subdivision 9a, is amended to read:

183.31 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or  
183.32 special law to the contrary, a defined benefit relief association paying a monthly service  
183.33 pension may provide a postretirement increase to retired members and ancillary benefit  
183.34 recipients of the relief association if (1) the relief association adopts an appropriate bylaw  
183.35 amendment; and (2) the bylaw amendment is approved by the municipality pursuant to

184.1 subdivision 10 and section 69.773, subdivision 6. The postretirement increase ~~shall be~~  
184.2 is applicable only to retired members and ancillary benefit recipients receiving a service  
184.3 pension or ancillary benefit as of the effective date of the bylaw amendment. The authority  
184.4 to provide a postretirement increase to retired members and ancillary benefit recipients  
184.5 of a relief association contained in this subdivision ~~shall supersede~~ supersedes any prior  
184.6 special law authorization relating to the provision of postretirement increases.

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

184.8 Sec. 32. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

184.9 Subd. 9b. **Repayment of service pension in certain instances.** If a retired  
184.10 volunteer firefighter does not permanently separate from active firefighting service as  
184.11 required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service  
184.12 as a firefighter in the same volunteer fire department or as a person in charge of firefighters  
184.13 in the same volunteer fire department, no additional service pension amount is payable  
184.14 to the person, no additional service is creditable to the person, and the person ~~shall~~ must  
184.15 repay to the defined benefit relief association any previously received service pension.

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

184.17 Sec. 33. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

184.18 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
184.19 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
184.20 copy of its governing bylaws with the state auditor upon the adoption of any amendment  
184.21 to its governing bylaws by the relief association or upon the approval of any amendment  
184.22 to its governing bylaws granted by the governing body of each municipality served by the  
184.23 fire department to which the relief association is directly associated. Failure of the relief  
184.24 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
184.25 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
184.26 aid until this filing requirement has been completed.

184.27 (b) If the special fund of the relief association does not have a surplus over full  
184.28 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
184.29 69.773, subdivision 4, and if the municipality is required to provide financial support to  
184.30 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
184.31 bylaw amendment which would affect the amount of, the manner of payment of, or the  
184.32 conditions for qualification for service pensions or ancillary benefits or disbursements  
184.33 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable

185.1 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
185.2 by the governing body or bodies of the appropriate municipalities. If the municipality is  
185.3 not required to provide financial support to the special fund ~~pursuant to~~ under this section,  
185.4 the relief association may adopt or amend without municipal ratification its articles  
185.5 of incorporation or bylaws which increase or otherwise affect the service pensions or  
185.6 ancillary benefits payable from the special fund so long as the changes do not cause the  
185.7 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
185.8 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior year and  
185.9 the changes do not result in the financial requirements of the special fund exceeding the  
185.10 expected amount of the ~~future~~ subsequent calendar year's fire state aid to be received  
185.11 by the relief association.

185.12 (c) If the relief association pays only a lump-sum pension, the financial requirements  
185.13 are to be determined by the board of trustees following the preparation of an estimate  
185.14 of the expected increase in the accrued liability and annual accruing liability of the  
185.15 relief association attributable to the change. If the relief association pays a monthly  
185.16 benefit service pension, the financial requirements are to be determined by the board of  
185.17 trustees following either an updated actuarial valuation including the proposed change  
185.18 or an estimate of the expected actuarial impact of the proposed change prepared by the  
185.19 actuary of the relief association. If a relief association adopts or amends its articles of  
185.20 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
185.21 and, subsequent to the amendment or adoption, the financial requirements of the special  
185.22 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
185.23 municipality, the provision which was implemented without municipal ratification ~~shall is~~  
185.24 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
185.25 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
185.26 incorporation or bylaws as amended or adopted with municipal ratification.

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

185.28 Sec. 34. Minnesota Statutes 2008, section 424A.02, subdivision 12, is amended to read:

185.29 Subd. 12. **Transfer of service credit to new district.** Notwithstanding the  
185.30 requirements of subdivision 1 or any other law, a member of a fire department which is  
185.31 disbanded upon formation of a fire district to serve substantially the same geographic  
185.32 area, who serves as an active firefighter with the new district fire department, and is a  
185.33 member of the district firefighters' defined benefit relief association ~~shall be~~ is entitled  
185.34 to a nonforfeitable service pension from the new relief association upon completion of  
185.35 a combined total of 20 years active service in the disbanded and the new departments.

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186.1 The amount of the service pension ~~shall be~~ is based upon years of service in the new  
186.2 department only, and ~~shall~~ must be in an amount equal to the accrued liability for the  
186.3 appropriate years of service calculated in accordance with section 69.772, subdivision 2.

186.4 Sec. 35. Minnesota Statutes 2008, section 424A.02, subdivision 13, is amended to read:

186.5 Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws  
186.6 of the defined benefit relief associations so provide, a volunteer firefighter with credit for  
186.7 service as an active firefighter in more than one defined benefit volunteer firefighters relief  
186.8 association is entitled, when the applicable requirements of paragraph (b) are met and  
186.9 when otherwise qualified, to a prorated service credit from each relief association.

186.10 (b) A volunteer firefighter receiving a prorated service pension under this subdivision  
186.11 must have a total amount of service credit of ten years or more, if the bylaws of every  
186.12 affected relief association ~~does~~ do not require specify only a five-year service vesting  
186.13 requirement, or five years or more, if the bylaws of every affected relief association  
186.14 ~~requires~~ require only a five-year service vesting requirement, as a member of two or more  
186.15 relief associations otherwise qualified. The member must have one year or more of service  
186.16 credit in each relief association. The prorated service pension must be based on the service  
186.17 pension amount in effect for the relief association on the date on which active volunteer  
186.18 firefighting services covered by that relief association terminate. To receive a service  
186.19 pension under this subdivision, the firefighter must become a member of the second or  
186.20 succeeding association and must give notice of membership to the prior association within  
186.21 two years of the date of termination of active service with the prior association. The notice  
186.22 must be attested to by the second or subsequent relief association secretary.

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

186.24 Sec. 36. Minnesota Statutes 2008, section 424A.021, is amended to read:

186.25 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
186.26 **SERVICE.**

186.27 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a  
186.28 volunteer firefighter who is absent from firefighting service due to service in the uniformed  
186.29 services, as defined in United States Code, title 38, section 4303(13), may obtain service  
186.30 credit if the relief association is a defined benefit plan or an allocation ~~of any fire state~~  
186.31 ~~aid, any municipal contributions, and any investment return received~~ by the relief  
186.32 association as though the person was an active member if the relief association is a defined

187.1 contribution plan for the period of the uniformed service, not to exceed five years, unless a  
187.2 longer period is required under United States Code, title 38, section 4312.

187.3 Subd. 2. **Limitations.** (a) To be eligible for service credit or an ~~investment return~~  
187.4 allocation as though an active member under this section, the volunteer firefighter must  
187.5 return to firefighting service with coverage by the same relief association or by the  
187.6 successor to that relief association upon discharge from service in the uniformed service  
187.7 within the time frame required in United States Code, title 38, section 4312(e).

187.8 (b) Service credit or an ~~investment return~~ allocation as though an active member is  
187.9 not authorized if the firefighter separates from uniformed service with a dishonorable or  
187.10 bad conduct discharge or under other than honorable conditions.

187.11 (c) Service credit or an ~~investment return~~ allocation as though an active member  
187.12 is not authorized if the firefighter fails to provide notice to the fire department that the  
187.13 individual is leaving to provide service in the uniformed service, unless it is not feasible to  
187.14 provide that notice due to the emergency nature of the situation.

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

187.16 Sec. 37. Minnesota Statutes 2008, section 424A.03, is amended to read:

187.17 **424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE**  
187.18 **PENSION AND RETIREMENT BENEFITS.**

187.19 Subdivision 1. **Limitation on nonuniformity of pensions.** Every partially salaried  
187.20 and partially volunteer firefighters' relief association ~~shall~~ must provide service pensions  
187.21 to volunteer firefighter members based on the years of service of the members not on  
187.22 the compensation paid to the members for firefighting services. Each relief association  
187.23 ~~shall~~ must provide service pensions to salaried members as set forth in chapter 424 and  
187.24 applicable special laws.

187.25 Subd. 2. **Penalties for violations.** ~~Any A~~ A municipality which has a fire department  
187.26 ~~to which associated with~~ a relief association which violates the provisions of subdivision  
187.27 1 is directly associated or which contracts with an independent nonprofit firefighting  
187.28 corporation ~~of which associated with~~ a relief association which violates the provisions  
187.29 of subdivision 1 is a subsidiary ~~shall~~ may not be included in the apportionment of fire  
187.30 state aid ~~by the commissioner of commerce~~ to the applicable county auditor ~~pursuant to~~  
187.31 under section 69.021, subdivision 6, and ~~shall~~ may not be included in the apportionment  
187.32 of fire state aid by the county auditor to the various municipalities ~~pursuant to~~ under  
187.33 section 69.021, subdivision 7.

188.1 Subd. 3. **Exception to application of limitation and penalty.** The limitation  
188.2 provided for in subdivision 1 ~~shall~~ does not apply to any relief association which ~~prior to~~  
188.3 before January 1, 1957, had established a definite service pension formula for members  
188.4 of the partially salaried and partially volunteer firefighters' relief association who are  
188.5 regularly employed firefighters.

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

188.7 Sec. 38. Minnesota Statutes 2008, section 424A.04, is amended to read:

188.8 **424A.04 VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.**

188.9 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
188.10 a municipal fire department must be managed by a board of trustees consisting of nine  
188.11 members. Six trustees must be elected from the membership of the relief association and  
188.12 three trustees must be drawn from the officials of the municipalities served by the fire  
188.13 department to which the relief association is directly associated. The bylaws of a relief  
188.14 association which provides a monthly benefit service pension may provide that one of  
188.15 the six trustees elected from the relief association membership may be a retired member  
188.16 receiving a monthly pension who is elected by the membership of the relief association.  
188.17 The three municipal trustees must be one elected municipal official and one elected or  
188.18 appointed municipal official who are designated as municipal representatives by the  
188.19 municipal governing board annually and the chief of the municipal fire department.

188.20 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
188.21 corporation must be managed by a board of trustees consisting of nine members. Six  
188.22 trustees must be elected from the membership of the relief association, two trustees must  
188.23 be drawn from the officials of the municipalities served by the fire department to which  
188.24 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
188.25 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
188.26 association may provide that one of the six trustees elected from the relief association  
188.27 membership may be a retired member receiving a monthly pension who is elected by the  
188.28 membership of the relief association. The two municipal trustees must be elected or  
188.29 appointed municipal officials, selected as follows:

188.30 (1) if only one municipality contracts with the independent nonprofit firefighting  
188.31 corporation, the municipal trustees must be two officials of the contracting municipality  
188.32 who are designated annually by the governing body of the municipality; or

188.33 (2) if two or more municipalities contract with the independent nonprofit corporation,  
188.34 the municipal trustees must be one official from each of the two largest municipalities

189.1 in population who are designated annually by the governing bodies of the applicable  
189.2 municipalities.

189.3 (c) The municipal trustees for a relief association that is directly associated with a  
189.4 fire department operated as or by a joint powers entity must be the fire chief of the fire  
189.5 department and two trustees designated annually by the joint powers board. The municipal  
189.6 trustees for a relief association that is directly associated with a fire department service  
189.7 area township must be the fire chief of the fire department and two trustees designated by  
189.8 the township board.

189.9 (d) If a relief association lacks the municipal board members provided for in  
189.10 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
189.11 organized municipality, joint powers entity, or township, the municipal board members  
189.12 must be the fire chief of the fire department and two board members appointed from the  
189.13 fire department service area by the board of commissioners of the applicable county.

189.14 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
189.15 person's successor is qualified, whichever is later.

189.16 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
189.17 and duties accorded to any other trustee, except the right to be an officer of the relief  
189.18 association board of trustees.

189.19 (g) A board must have at least three officers, who are a president, a secretary and a  
189.20 treasurer. These officers must be elected from among the elected trustees by either the full  
189.21 board of trustees or by the relief association membership, as specified in the bylaws. In  
189.22 no event may any trustee hold more than one officer position at any one time. The terms  
189.23 of the elected trustees and of the officers of the board must be specified in the bylaws of  
189.24 the relief association, but may not exceed three years. If the term of the elected trustees  
189.25 exceeds one year, the election of the various trustees elected from the membership must be  
189.26 staggered on as equal a basis as is practicable.

189.27 Subd. 2. **Fiduciary duty.** The board of trustees of a relief association shall  
189.28 undertake their activities consistent with chapter 356A.

189.29 Subd. 2a. **Fiduciary responsibility.** In the discharge of their respective duties, the  
189.30 officers and trustees shall be held to the standard of care specified in section 11A.09. In  
189.31 addition, the trustees shall act in accordance with chapter 356A. Each member of the  
189.32 board is a fiduciary and shall undertake all fiduciary activities in accordance with the  
189.33 standard of care of section 11A.09, and in a manner consistent with chapter 356A. No  
189.34 fiduciary of a relief association shall cause a relief association to engage in a transaction if  
189.35 the fiduciary knows or should know that the transaction constitutes one of the following  
189.36 direct or indirect transactions:

190.1           (1) sale or exchange or leasing of any real property between the relief association  
190.2 and a board member;

190.3           (2) lending of money or other extension of credit between the relief association and  
190.4 a board member or member of the relief association;

190.5           (3) furnishing of goods, services, or facilities between the relief association and a  
190.6 board member; or

190.7           (4) transfer to a board member, or use by or for the benefit of a board member, of any  
190.8 assets of the relief association. A transfer of assets does not mean the payment of relief  
190.9 association benefits or administrative expenses permitted by law.

190.10           Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter  
190.11 relief association ~~hires~~ employs or contracts with a consultant to provide legal or financial  
190.12 advice, the secretary of the relief association shall obtain and the consultant shall provide  
190.13 to the secretary of the relief association a copy of the consultant's certificate of insurance.

190.14           (b) A consultant is any person who is employed under contract to provide legal or  
190.15 financial advice and who is or who represents to the volunteer firefighter relief association  
190.16 that the person is:

190.17           (1) an actuary;

190.18           (2) a licensed public accountant or a certified public accountant;

190.19           (3) an attorney;

190.20           (4) an investment advisor or manager, or an investment counselor;

190.21           (5) an investment advisor or manager selection consultant;

190.22           (6) a pension benefit design advisor or consultant; or

190.23           (7) any other financial consultant.

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

190.25           Sec. 39. Minnesota Statutes 2008, section 424A.05, subdivision 1, is amended to read:

190.26           Subdivision 1. **Establishment of special fund.** Every volunteer firefighters' relief  
190.27 association shall establish and maintain a special fund within the relief association.

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

190.29           Sec. 40. Minnesota Statutes 2008, section 424A.05, subdivision 2, is amended to read:

190.30           Subd. 2. **Special fund assets and revenues.** The special fund ~~shall~~ must be credited  
190.31 with all fire state aid moneys received ~~pursuant to~~ under sections 69.011 to 69.051,  
190.32 all taxes levied by or other revenues received from the municipality ~~pursuant to~~ under  
190.33 sections 69.771 to 69.776 or any applicable special law requiring municipal support for

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191.1 the relief association, any moneys or property donated, given, granted or devised by any  
191.2 person which is specified for use for the support of the special fund and any interest or  
191.3 investment return earned upon the assets of the special fund. The treasurer of the relief  
191.4 association ~~shall be~~ is the custodian of the assets of the special fund and ~~shall~~ must be the  
191.5 recipient on behalf of the special fund of all revenues payable to the special fund. The  
191.6 treasurer shall maintain adequate records documenting any transaction involving the assets  
191.7 or the revenues of the special fund. These records and the bylaws of the relief association  
191.8 ~~shall be~~ are public and ~~shall~~ must be open for inspection by any member of the relief  
191.9 association, any officer or employee of the state or of the municipality, or any member of  
191.10 the public, at reasonable times and places.

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

191.12 Sec. 41. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

191.13 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
191.14 from the special fund ~~are~~ may not permitted to be made for any purpose other than one of  
191.15 the following:

191.16 (1) for the payment of service pensions to retired members of the relief association if  
191.17 authorized and paid under law and the bylaws governing the relief association;

191.18 (2) for the payment of temporary or permanent disability benefits to disabled  
191.19 members of the relief association if authorized and paid ~~pursuant to~~ under law and  
191.20 specified in amount in the bylaws governing the relief association;

191.21 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
191.22 or if none, to designated beneficiaries, of deceased members of the relief association, and  
191.23 if no survivors and if no designated beneficiary, for the payment of a death benefit to the  
191.24 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~  
191.25 under law and specified in amount in the bylaws governing the relief association;

191.26 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
191.27 Department Association; and to the Minnesota Area Relief Association Coalition; ~~and to~~  
191.28 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association  
191.29 members to membership in and the benefits of these associations or organizations; ~~and~~

191.30 (5) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
191.31 Association, or an insurance company licensed by the state of Minnesota offering casualty  
191.32 insurance, in order to entitle relief association members to membership in and the benefits  
191.33 of the association or organization; and

191.34 ~~(5)~~ (6) for the payment of administrative expenses of the relief association as  
191.35 authorized under section 69.80.

192.1 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association  
192.2 or for a combination lump-sum and monthly benefit volunteer fire relief association where  
192.3 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
192.4 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of  
192.5 this chapter, for a defined contribution volunteer fire relief association, for a lump-sum  
192.6 volunteer fire relief association, or for a combination lump-sum and monthly benefit  
192.7 volunteer fire relief association where a lump-sum service pension has been elected by  
192.8 or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary  
192.9 may be a trust created under chapter 501B.

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

192.11 Sec. 42. Minnesota Statutes 2008, section 424A.05, subdivision 4, is amended to read:

192.12 Subd. 4. **Investments of assets of the special fund.** The assets of the special fund  
192.13 ~~shall~~ must be invested only in securities authorized by section 69.775.

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

192.15 Sec. 43. Minnesota Statutes 2008, section 424A.06, is amended to read:

192.16 **424A.06 RELIEF ASSOCIATION GENERAL FUND.**

192.17 Subdivision 1. **Establishment of general fund.** ~~Any A~~ A volunteer firefighters' relief  
192.18 association may establish and maintain a general fund within the relief association.

192.19 Subd. 2. **General fund assets and revenues.** To the general fund, if established,  
192.20 ~~shall~~ must be credited all moneys received from dues, fines, initiation fees, entertainment  
192.21 revenues and any moneys or property donated, given, granted or devised by any person,  
192.22 for unspecified uses. The treasurer of the relief association ~~shall be~~ is the custodian of the  
192.23 assets of the general fund and ~~shall~~ must be the recipient on behalf of the general fund of  
192.24 all revenues payable to the general fund. The treasurer shall maintain adequate records  
192.25 documenting any transaction involving the assets or the revenues of the general fund.  
192.26 These records ~~shall~~ must be open for inspection by any member of the relief association  
192.27 at reasonable times and places.

192.28 Subd. 3. **Authorized disbursements from the general fund.** Disbursements from  
192.29 the general fund may be made for any purpose that is authorized by either the articles of  
192.30 incorporation or bylaws of the relief association.

192.31 Subd. 4. **Investment of assets of the general fund.** The assets of the general  
192.32 fund may be invested in any securities that are authorized by the bylaws of the relief  
192.33 association and may be certified for investment by the State Board of Investment in fixed

193.1 income pools or in a separately managed account at the discretion of the State Board of  
193.2 Investment as provided in section 11A.14.

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

193.4 Sec. 44. Minnesota Statutes 2008, section 424A.07, is amended to read:

193.5 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS;**  
193.6 **ESTABLISHMENT OF RELIEF ASSOCIATIONS.**

193.7 ~~Prior to~~ Before paying any service pensions or retirement benefits ~~pursuant to~~  
193.8 under section 424A.02 or before becoming entitled to receive any amounts of fire state  
193.9 aid upon transmittal from a contracting municipality ~~pursuant to~~ under section 69.031,  
193.10 subdivision 5, a nonprofit firefighting corporation shall establish a volunteer firefighters'  
193.11 relief association governed by this chapter.

193.12 Sec. 45. Minnesota Statutes 2008, section 424A.08, is amended to read:

193.13 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
193.14 **AUTHORIZED DISBURSEMENTS.**

193.15 (a) Any qualified municipality which is entitled to receive fire state aid but which  
193.16 has no volunteer firefighters' relief association directly associated with its fire department  
193.17 and which has no full-time firefighters with retirement coverage by the public employees  
193.18 police and fire retirement plan shall deposit the fire state aid in a special account  
193.19 established for that purpose in the municipal treasury. Disbursement from the special  
193.20 account ~~shall~~ may not be made for any purpose except:

193.21 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
193.22 Department Association and to the state Volunteer Firefighters' Benefit Association in  
193.23 order to entitle its firefighters to membership in and the benefits of these state associations;

193.24 (2) payment of the cost of purchasing and maintaining needed equipment for the  
193.25 fire department; and

193.26 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and~~ or maintenance  
193.27 of buildings or other premises to house the equipment of the fire department.

193.28 (b) A qualified municipality which is entitled to receive fire state aid, which has no  
193.29 volunteer firefighters' relief association directly associated with its fire department and  
193.30 which has full-time firefighters with retirement coverage by the public employees police  
193.31 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the  
193.32 payment of the employer contribution requirement with respect to firefighters covered by

194.1 the public employees police and fire retirement plan under section 353.65, subdivision 3,  
194.2 or for a combination of the two types of disbursements.

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

194.4 Sec. 46. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

194.5 Subdivision 1. **Definitions.** For purposes of this section:

194.6 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
194.7 of pension or retirement benefits from a volunteer firefighters' relief association for service  
194.8 that the individual has performed as a volunteer firefighter;

194.9 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
194.10 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
194.11 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children  
194.12 of a deceased active or deferred volunteer firefighter;

194.13 (3) "active volunteer firefighter" means a person who regularly renders fire  
194.14 suppression service for a municipal fire department or an independent nonprofit firefighting  
194.15 corporation, who has met the statutory and other requirements for relief association  
194.16 membership, and who ~~has been~~ is deemed by the relief association under law and its  
194.17 bylaws to be a fully qualified member of the relief association for at least one month; and

194.18 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
194.19 terminated active firefighting service, has sufficient service credit from the applicable relief  
194.20 association to be entitled to a service pension under the bylaws of the relief association,  
194.21 but has not applied for or has not received the service pension.

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

194.23 Sec. 47. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

194.24 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
194.25 firefighters' relief association of a lump-sum distribution to a qualified recipient, the  
194.26 association must pay a supplemental benefit to the qualified recipient. Notwithstanding  
194.27 any law to the contrary, the relief association must pay the supplemental benefit out of  
194.28 its special fund. ~~The amount of~~ This benefit ~~equals~~ is an amount equal to ten percent of  
194.29 the regular lump-sum distribution that is paid on the basis of the recipient's service as  
194.30 a volunteer firefighter. In no case may the amount of the supplemental benefit exceed  
194.31 \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a  
194.32 deceased active or deferred volunteer firefighter in that capacity.

195.1 (b) Upon the payment by a relief association of a lump-sum survivor benefit ~~or~~  
195.2 ~~funeral benefit~~ to a survivor of a deceased active volunteer firefighter or of a deceased  
195.3 deferred volunteer firefighter, the association may pay a supplemental survivor benefit  
195.4 to the survivor of the deceased active or deferred volunteer firefighter from the special  
195.5 fund of the relief association if its articles of incorporation or bylaws so provide. The  
195.6 amount of the supplemental survivor benefit is 20 percent of the survivor benefit ~~or funeral~~  
195.7 ~~benefit~~, but not to exceed \$2,000.

195.8 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
195.9 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
195.10 firefighter benefit.

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

195.12 Sec. 48. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

195.13 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement  
195.14 of the amount of supplemental benefits paid under subdivision 2 during the preceding  
195.15 calendar year, the volunteer firefighters' relief association ~~must~~ shall apply to the  
195.16 commissioner of revenue by February 15. By March 15, the commissioner shall  
195.17 reimburse the relief association for the amount of the supplemental benefits paid by the  
195.18 relief association to qualified recipients and to survivors of deceased active or deferred  
195.19 volunteer firefighters.

195.20 (b) The commissioner of revenue shall prescribe the form of and supporting  
195.21 information that must be supplied as part of the application for state reimbursement.  
195.22 The commissioner of revenue shall reimburse the relief association by paying the  
195.23 reimbursement amount to the treasurer of the municipality where the association is located.  
195.24 Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement  
195.25 to the treasurer of the association if the association has filed a financial report with the  
195.26 municipality. If the relief association has not filed a financial report with the municipality,  
195.27 the municipal treasurer shall delay transmission of the reimbursement payment to the  
195.28 association until the complete financial report is filed. If the association has dissolved or  
195.29 has been removed as a trustee of state aid, the treasurer shall deposit the money in a  
195.30 special account in the municipal treasury, and the money may be disbursed only for the  
195.31 purposes and in the manner provided in section 424A.08. When paid to the association,  
195.32 the reimbursement payment must be deposited in the special fund of the relief association.

195.33 (c) A sum sufficient to make the payments is appropriated from the general fund  
195.34 to the commissioner of revenue.

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

196.2 Sec. 49. Minnesota Statutes 2008, section 424A.10, subdivision 4, is amended to read:

196.3 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided  
196.4 by this section is in lieu of the state income tax exclusion for lump-sum distributions of  
196.5 retirement benefits paid to volunteer firefighters.

196.6 (b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum  
196.7 distributions from state income taxation, the supplemental benefits under this section  
196.8 ~~may are no longer be paid payable,~~ beginning with the first calendar year in which the  
196.9 exclusion or exemption is effective. This subdivision does not apply to exemption of all or  
196.10 part of a lump-sum distribution under section 290.032 or 290.0802.

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

196.12 Sec. 50. Minnesota Statutes 2008, section 424A.10, subdivision 5, is amended to read:

196.13 Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental  
196.14 survivor ~~or funeral~~ benefit may be paid by a relief association for the death of an active  
196.15 volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August  
196.16 1, 2005, if the relief association articles of incorporation or bylaws ~~so~~ provide for a  
196.17 supplemental survivor benefit and provide for retroactivity.

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

196.19 Sec. 51. Minnesota Statutes 2008, section 424B.10, is amended by adding a  
196.20 subdivision to read:

196.21 Subd. 1a. **Applicability.** This section applies when all of the volunteer firefighters'  
196.22 relief associations involved in the consolidation are defined benefit relief associations as  
196.23 defined in section 424A.001, subdivision 1b.

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

196.25 Sec. 52. Minnesota Statutes 2008, section 424B.10, is amended by adding a  
196.26 subdivision to read:

196.27 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation  
196.28 of two or more defined benefit relief associations must be a defined benefit relief  
196.29 association.

196.30 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,  
196.31 the initial service pension amount of the subsequent defined benefit relief association as

197.1 of the effective date of consolidation is either the service pension amount specified in  
197.2 clause (1) or the service pension amounts specified in clause (2), as provided for in the  
197.3 consolidated relief association's articles of incorporation or bylaws:

197.4 (1) the highest dollar amount service pension amount of any prior volunteer  
197.5 firefighters relief association in effect immediately before the consolidation initiation if the  
197.6 pension amount was implemented consistent with section 424A.02; or

197.7 (2) for service rendered by each individual volunteer firefighter before consolidation,  
197.8 the service pension amount under the consolidating volunteer firefighters relief association  
197.9 that the firefighter belonged to immediately before the consolidation if the pension amount  
197.10 was implemented consistent with section 424A.02 and for service rendered after the  
197.11 effective date of the consolidation, the highest dollar amount service pension of any of the  
197.12 consolidating volunteer firefighters relief associations in effect immediately before the  
197.13 consolidation if the pension amount was implemented consistent with section 424A.02.

197.14 (c) Any increase in the service pension amount beyond the amount implemented  
197.15 under paragraph (a) must conform with the requirements and limitations of sections  
197.16 69.771 to 69.775 and section 424A.02.

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

197.18 Sec. 53. Minnesota Statutes 2008, section 424B.10, subdivision 2, is amended to read:

197.19 Subd. 2. **Funding.** (a) Unless the applicable municipalities agree in writing to  
197.20 allocate the minimum municipal obligation in a different manner, the minimum municipal  
197.21 obligation under section 69.772 or 69.773, whichever applies, must be allocated between  
197.22 the applicable municipalities in proportion to their fire state aid.

197.23 (b) If any applicable municipality fails to meet its portion of the minimum municipal  
197.24 obligation to the subsequent relief association, all other applicable municipalities are  
197.25 jointly obligated to provide the required funding upon certification by the relief association  
197.26 secretary. An applicable municipality that pays the minimum municipal obligation  
197.27 amount for another applicable municipality, the municipality may collect ~~the~~ that payment  
197.28 amount, plus a 25 percent surcharge, from the responsible applicable municipality by any  
197.29 available means, including a deduction from any state aid or payment amount payable  
197.30 to the responsible municipality upon certification of the necessary information to the  
197.31 commissioner of finance.

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

198.1 Sec. 54. [424B.11] CONSOLIDATING DEFINED CONTRIBUTION RELIEF  
198.2 ASSOCIATIONS; INDIVIDUAL ACCOUNTS; FUNDING.

198.3 Subdivision 1. **Applicability.** This section applies when all of the volunteer  
198.4 firefighters' relief associations involved in the consolidation are defined contribution relief  
198.5 associations as defined in section 424A.001, subdivision 1c.

198.6 Subd. 2. **Individual accounts.** The successor relief association following the  
198.7 consolidation of two or more defined contribution relief associations must be a defined  
198.8 contribution relief association and the successor relief association board shall establish  
198.9 individual accounts for every active member, inactive member, deferred member, or  
198.10 retired member receiving installment payments with that status as of the consolidation  
198.11 date. To each individual account the successor relief association must credit the amount to  
198.12 the credit of each person by a predecessor relief association as of the date of consolidation  
198.13 plus a proportional share, based on account value, of any subsequent net revenue during  
198.14 the consolidation process.

198.15 Subd. 3. **Funding.** Unless the articles of incorporation or bylaws of the successor  
198.16 relief association specify that municipal contributions are wholly voluntary or unless the  
198.17 municipalities associated with the consolidating defined contribution relief associations  
198.18 agree in writing to a different municipal support arrangement, each municipality must  
198.19 continue to provide the same amount of municipal support to the successor relief  
198.20 association as the municipality provided to the applicable predecessor relief association in  
198.21 the calendar year immediately prior to the calendar year in which the consolidation occurs.

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

198.23 Sec. 55. [424B.12] MIXED CONSOLIDATING RELIEF ASSOCIATIONS;  
198.24 BENEFIT PLAN; FUNDING.

198.25 Subdivision 1. **Applicability.** This section applies where one or more of the  
198.26 volunteer firefighters' relief associations involved in the consolidation are defined benefit  
198.27 relief associations as defined in section 424A.001, subdivision 1b, and one or more of  
198.28 the volunteer firefighters' relief associations involved in the consolidation are defined  
198.29 contribution relief associations as defined in section 424A.001, subdivision 1c.

198.30 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor  
198.31 relief association must specify whether the relief association is a defined benefit relief  
198.32 association or whether the relief association is a defined contribution relief association. If  
198.33 the successor relief association is a defined benefit relief association, the relief association  
198.34 benefits must comply with sections 424A.02 and 424B.11, subdivision 1a. If the successor

199.1 relief association is a defined contribution relief association, the relief association must  
199.2 comply with sections 424A.016 and 424B.12, subdivision 2.

199.3 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
199.4 association, the relief association funding is governed by section 424B.11, subdivision 2.  
199.5 If the successor relief association is a defined contribution relief association, the relief  
199.6 association funding is governed by section 424B.12, subdivision 3.

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

199.8 Sec. 56. Minnesota Statutes 2008, section 424B.21, is amended to read:

199.9 **424B.21 ANNUITY PURCHASES UPON DISSOLUTION.**

199.10 The board of trustees of a volunteer firefighters relief association that is scheduled  
199.11 for dissolution may purchase annuity contracts under section ~~424A.02~~ 424A.015,  
199.12 subdivision ~~8a~~ 3, instead of transferring special fund assets to a municipal trust fund  
199.13 under section 424B.20, subdivision 4. Payment of an annuity for which a contract is  
199.14 purchased may not commence before the retirement age specified in the relief association  
199.15 bylaws and in compliance with section 424A.016, subdivision 2, or 424A.02, subdivision  
199.16 1. Legal title to the annuity contract transfers to the municipal trust fund under section  
199.17 424B.20, subdivision 4.

199.18 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also  
199.19 enacted.

199.20 Sec. 57. **BRIMSON FIREFIGHTERS RELIEF ASSOCIATION; BOARD OF**  
199.21 **TRUSTEES MEMBERSHIP.**

199.22 Notwithstanding any provisions of Minnesota Statutes, section 424A.04, or other  
199.23 law to the contrary, the Brimson Firefighters Relief Association must be managed by a  
199.24 board of trustees consisting of ten members, with six trustees elected from the membership  
199.25 of the relief association, one trustee drawn from the officials of each municipality served  
199.26 by the fire department to which the relief association is directly associated, and one trustee  
199.27 who is the fire chief serving with the independent nonprofit firefighting corporation.

199.28 **EFFECTIVE DATE.** This section is effective the day after the governing body  
199.29 of the Fairbanks Township and its chief clerical officer timely comply with Minnesota  
199.30 Statutes, section 645.021, subdivisions 2 and 3.

199.31 Sec. 58. **REPEALER.**



201.1 (7) the Minneapolis Employees Retirement Fund, established under chapter 422A;  
201.2 (8) the Duluth Teachers Retirement Fund Association, established under chapter  
201.3 354A; and  
201.4 ~~(9) the Minneapolis Teachers Retirement Fund Association, established under~~  
201.5 ~~chapter 354A; and~~  
201.6 ~~(10)~~ (9) the St. Paul Teachers Retirement Fund Association, established under  
201.7 chapter 354A.

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

201.9 Sec. 3. Minnesota Statutes 2008, section 422A.06, subdivision 8, is amended to read:

201.10 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund consists of  
201.11 amounts held for payment of retirement allowances for members retired under this chapter,  
201.12 including any transfer amount payable under subdivision 3, paragraph (c).

201.13 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required  
201.14 reserves for retirement allowances under this chapter determined in accordance with the  
201.15 appropriate mortality table adopted by the board of trustees based on the experience of the  
201.16 fund as recommended by the actuary retained under section 356.214 must be transferred  
201.17 from the deposit accumulation fund to the retirement benefit fund as of the last business  
201.18 day of the month in which the retirement allowance begins. The income from investments  
201.19 of these assets must be allocated to this fund and any interest charge under subdivision  
201.20 3, paragraph (c), must be credited to the fund. There must be paid from this fund the  
201.21 retirement annuities authorized by law. A required reserve calculation for the retirement  
201.22 benefit fund must be made by the actuary retained under section 356.214 and must be  
201.23 certified to the retirement board by the actuary retained under section 356.214.

201.24 (c) There is established a deferred yield adjustment account which must be increased  
201.25 by the sale or disposition of any debt securities at less than book value and must be  
201.26 decreased by the sale or disposition of debt securities at more than book value. At the  
201.27 end of each fiscal year, a portion of the balance of this account must be offset against the  
201.28 investment income for that year. The annual portion of the balance to be offset must be  
201.29 proportional to the reciprocal of the average remaining life of the bonds sold, unless the  
201.30 amounts are offset by gains on the future sales of these securities. The amount of this  
201.31 account must be included in the recognized value of assets other than corporate stocks  
201.32 and all other equity investments. In any fiscal year in which the gains on the sales of debt  
201.33 securities exceed the discounts realized on the sales of such securities, the excess must  
201.34 be used to reduce the balance of the account. If the realized capital gains are sufficient

202.1 to reduce the balance of the account to zero, any excess gains must be available for the  
202.2 calculation of postretirement adjustments.

202.3 (d)(1) Annually, following June 30, the board shall use the procedures in clauses (2),  
202.4 (3), and (4), to determine whether a postretirement adjustment is payable and to determine  
202.5 the amount of any postretirement adjustment.

202.6 (2) If the Consumer Price Index for urban wage earners and clerical workers all  
202.7 items index published by the Bureau of Labor Statistics of the United States Department  
202.8 of Labor increases from June 30 of the preceding year to June 30 of the current year, the  
202.9 board shall certify the percentage increase. The amount certified must not exceed ~~the~~  
202.10 ~~lesser of the difference between the preretirement interest assumption and postretirement~~  
202.11 ~~interest assumption in section 356.215, subdivision 8, paragraph (a), or 3.5 percent.~~

202.12 (3) In addition to any percentage increase certified under paragraph (b), the board  
202.13 shall use the following procedures to determine if a postretirement adjustment is payable  
202.14 under this paragraph:

202.15 (i) the board shall determine the market value of the fund on June 30 of that year;

202.16 (ii) the amount of reserves required as of the current June 30 for the annuity or  
202.17 benefit payable to an annuitant and benefit recipient must be determined by the actuary  
202.18 retained under section 356.214. An annuitant or benefit recipient who has been receiving  
202.19 an annuity or benefit for at least 12 full months as of the current June 30 is eligible to  
202.20 receive a full postretirement adjustment. An annuitant or benefit recipient who has been  
202.21 receiving an annuity or benefit for at least one full month, but less than 12 full months as of  
202.22 the current June 30, is eligible to receive a partial postretirement adjustment. The amount  
202.23 of the reserves for those annuitants and benefit recipients who are eligible to receive a  
202.24 full postretirement benefit adjustment is known as "eligible reserves." The amount of  
202.25 the reserves for those annuitants and benefit recipients who are not eligible to receive a  
202.26 postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit  
202.27 recipient who is eligible to receive a partial postretirement adjustment, additional "eligible  
202.28 reserves" is an amount that bears the same ratio to the total reserves required for the  
202.29 annuitant or benefit recipient as the number of full months of annuity or benefit receipt as  
202.30 of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit  
202.31 recipient's reserves are "noneligible reserves";

202.32 (iii) the board shall determine the percentage increase certified under clause (2)  
202.33 multiplied by the eligible required reserves, as adjusted for mortality gains and losses,  
202.34 determined under item (ii);

203.1 (iv) the board shall add the amount of reserves required for the annuities or benefits  
203.2 payable to annuitants and benefit recipients of the participating public pension plans or  
203.3 funds as of the current June 30 to the amount determined under item (iii);

203.4 (v) the board shall subtract the amount determined under item (iv) from the market  
203.5 value of the fund determined under item (i);

203.6 (vi) the board shall adjust the amount determined under item (v) by the cumulative  
203.7 current balance determined under item (viii) and any negative balance carried forward  
203.8 under item (ix);

203.9 (vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess  
203.10 market value. A negative amount is the negative balance;

203.11 (viii) the board shall allocate one-fifth of the excess market value or one-fifth of the  
203.12 negative balance to each of five consecutive years, beginning with the fiscal year ending  
203.13 the current June 30; and

203.14 (ix) to calculate the postretirement adjustment under this paragraph based on  
203.15 investment performance for a fiscal year, the board shall add together all excess market  
203.16 value allocated to that year and subtract from the sum all negative balances allocated to  
203.17 that year. If this calculation results in a negative number, the entire negative balance must  
203.18 be carried forward and allocated to the next year. If the resulting amount is positive, a  
203.19 postretirement adjustment is payable under this paragraph. The board shall express a  
203.20 positive amount as a percentage of the total eligible required reserves certified to the  
203.21 board under item (ii).

203.22 (4) The board shall determine the amount of any postretirement adjustment which  
203.23 is payable using the following procedure:

203.24 (i) the total "eligible" required reserves as of the first of January next following the  
203.25 end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or  
203.26 partial postretirement adjustment as determined by item (ii) must be certified to the board  
203.27 by the actuary retained under section 356.214. The total "eligible" required reserves  
203.28 must be determined by the actuary retained under section 356.214 on the assumption that  
203.29 all annuitants and benefit recipients eligible to receive a full or partial postretirement  
203.30 adjustment will be alive on the January 1 in question; and

203.31 (ii) the board shall add the percentage certified under clause (2) to any positive  
203.32 percentage calculated under clause (3). The board shall not subtract from the percentage  
203.33 certified under paragraph (b) any negative amount calculated under clause (3). The sum  
203.34 of these percentages must be carried to five decimal places and must be certified as the  
203.35 full postretirement adjustment percentage.

204.1 (e) The board shall determine the amount of the postretirement adjustment payable  
204.2 to each eligible annuitant and benefit recipient. The dollar amount of the postretirement  
204.3 adjustment must be calculated by applying the certified postretirement adjustment  
204.4 percentage to the amount of the monthly annuity or benefit payable to each eligible  
204.5 annuitant or benefit recipient eligible for a full adjustment.

204.6 The dollar amount of the partial postretirement adjustment payable to each annuitant  
204.7 or benefit recipient eligible for a partial adjustment must be calculated by first determining  
204.8 a partial percentage amount that bears the same ratio to the certified full adjustment  
204.9 percentage amount as the number of full months of annuity or benefit receipt as of the  
204.10 current June 30 bears to 12 full months. The partial percentage amount determined  
204.11 must then be applied to the amount of the monthly annuity or benefit payable to each  
204.12 annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The  
204.13 postretirement adjustments are payable on January 1 following the calculations required  
204.14 under this section and must thereafter be included in the monthly annuity or benefit paid to  
204.15 the recipient. Any adjustments under this section must be paid automatically unless the  
204.16 intended recipient files a written notice with the applicable participating public pension  
204.17 fund or plan requesting that the adjustment not be paid.

204.18 (f) As of June 30 annually, the actuary retained under section 356.214 shall calculate  
204.19 the amount of required reserves representing any mortality gains and any mortality losses  
204.20 incurred during the fiscal year and report the results of those calculations to the plan.  
204.21 The actuary shall report separately the amount of the reserves for annuitants and benefit  
204.22 recipients who are eligible for a postretirement benefit adjustment and the amount of  
204.23 reserves for annuitants and benefit recipients who are not eligible for a postretirement  
204.24 benefit adjustment. If the net amount of required reserves represents a mortality gain,  
204.25 the board shall sell sufficient securities or transfer sufficient available cash to equal the  
204.26 amount. If the amount of required reserves represents a mortality loss, the plan shall  
204.27 transfer an amount equal to the amount of the net mortality loss. The amount of the  
204.28 transfers must be determined before any postretirement benefit adjustments have been  
204.29 made. All transfers resulting from mortality adjustments must be completed annually  
204.30 by December 31 for the preceding June 30. Interest is payable on any transfers after  
204.31 December 31 based upon the preretirement interest assumption for the participating plan  
204.32 or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book  
204.33 values of the assets of the fund must be determined only after all adjustments for mortality  
204.34 gains and losses for the fiscal year have been made.

205.1 (g) All money necessary to meet the requirements of the certification of withdrawals  
205.2 and all money necessary to pay postretirement adjustments under this section are hereby  
205.3 and from time to time appropriated from the postretirement investment fund to the board.

205.4 (h) Annually, following the calculation of any postretirement adjustment payable  
205.5 from the retirement benefit fund, the board of trustees shall submit a report to the  
205.6 executive director of the Legislative Commission on Pensions and Retirement and to the  
205.7 commissioner of finance indicating the amount of any postretirement adjustment and  
205.8 the underlying calculations on which that postretirement adjustment amount is based,  
205.9 including the amount of dividends, the amount of interest, and the amount of net realized  
205.10 capital gains or losses utilized in the calculations.

205.11 (i) With respect to a former contributing member who began receiving a retirement  
205.12 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June  
205.13 30, 1997, or with respect to a survivor of a former contributing member who began  
205.14 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June  
205.15 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living  
205.16 adjustment payable to those annuity or benefit recipients annually must be transferred back  
205.17 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.  
205.18 The calculation of this annual reduced cost-of-living adjustment reserve transfer must be  
205.19 reviewed by the actuary retained under section 356.214.

205.20 **EFFECTIVE DATE.** This section is effective retroactively from June 30, 2008.

205.21 Sec. 4. Minnesota Statutes 2008, section 422A.08, subdivision 5, is amended to read:

205.22 Subd. 5. **Service credit purchase.** Any contributor who prior to entering the service  
205.23 of the city was an employee of a public corporation, is authorized, using the procedure in  
205.24 ~~subdivision 5a~~ section 356.551, to purchase allowable service credit in the retirement fund  
205.25 for employment by the public corporation in the same manner as though the service had  
205.26 been rendered to the city, providing that the individual has not received service credit and  
205.27 is not eligible to receive service credit for this period under any other plan or fund listed  
205.28 in section 356.30, subdivision 3. Before receiving credit for service rendered to a public  
205.29 corporation as herein set forth, the contributing employee shall make application therefor  
205.30 in writing to the retirement board, and shall contribute to the retirement fund the amount  
205.31 specified in ~~subdivision 5a~~ section 356.551.

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

205.33 Sec. 5. Laws 1989, chapter 319, article 11, section 13, is amended to read:

206.1 Sec. 13. **REPEALER.**

206.2 Laws 1967, chapter 815; Laws 1978, chapter 683; and Laws 1981, chapter 224,  
206.3 ~~sections 2 and 5~~ section 245, are repealed.

206.4 **EFFECTIVE DATE.** This section is effective the day following final enactment  
206.5 and applies retroactively from June 2, 1989.

206.6 Sec. 6. Laws 2008, chapter 349, article 14, section 13, is amended to read:

206.7 Sec. 13. **REPEALER OF PRIOR INCONSISTENT SPECIAL VOLUNTEER**  
206.8 **FIRE RELIEF ASSOCIATION ANCILLARY BENEFIT LEGISLATION.**

206.9 Subdivision 1. **Anoka.** Laws 1969, chapter ~~352~~ 252, section 1, subdivisions 3,  
206.10 4, 5, and 6, are repealed.

206.11 Subd. 2. **Butterfield.** Laws 1975, chapter 185, section 1, is repealed.

206.12 Subd. 3. **Coon Rapids.** Laws 1973, chapter 304, section 1, subdivisions 3, 4, 5, 6,  
206.13 7, 8, and 9, are repealed.

206.14 Subd. 4. **Edina.** (1) Laws 1965, chapter 592, section 3, as ~~amended~~ added by Laws  
206.15 1969, chapter 644, section 2, and amended by Laws 1975, chapter 229, section 2; (2) Laws  
206.16 1965, chapter 592, section 4, as ~~amended~~ added by Laws 1969, chapter 644, section 2, and  
206.17 amended by Laws 1975, chapter 229, section 3, Laws 1985, chapter 261, section 37, and  
206.18 Laws 1991, chapter 125, section 1; (3) Laws 1985, chapter 261, section 37, as amended by  
206.19 Laws 1991, chapter 125, section 1; and (4) Laws 1991, chapter 125, section 1, are repealed.

206.20 Subd. 5. **Fairmont.** Laws 1967, chapter 575, sections 2, as amended by Laws 1979,  
206.21 chapter 201, section 23; 3; and 4, are repealed.

206.22 Subd. 6. **Falcon Heights.** Laws 1969, chapter 526, sections 3; 4; 5, as amended  
206.23 by Laws 1974, chapter 208, section 2; and 7, as amended by Laws 1974, chapter 208,  
206.24 section 3, are repealed.

206.25 Subd. 7. **Golden Valley.** Laws 1971, chapter 140, sections 2, as amended by Laws  
206.26 1973, chapter 30, section 2; 3, as amended by Laws 1973, chapter 30, section 3; 4, as  
206.27 amended by Laws 1973, chapter 30, section 4; and 5, as amended by Laws 1973, chapter  
206.28 30, section 5; and Laws 1993, chapter 244, article 4, section 1, are repealed.

206.29 Subd. 8. **Wayzata.** Laws 1973, chapter 472, section 1, as amended by Laws 1976,  
206.30 chapter 272, section 1, and Laws 1979, chapter 201, section 33, is repealed.

206.31 Subd. 9. **White Bear Lake.** Laws 1971, chapter 214, ~~section 1, subdivisions~~  
206.32 sections 1, 2, 3, 4, and 5, are repealed.

206.33 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) Subdivision 1 is effective the day  
206.34 after the governing body of Anoka and its chief clerical officer timely complete their

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207.1 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June  
207.2 30, 2009.

207.3 (b) Subdivision 2 is effective the day after the governing body of Butterfield and its  
207.4 chief clerical officer timely complete their compliance with Minnesota Statutes, section  
207.5 645.021, subdivisions 2 and 3, after June 30, 2009.

207.6 (c) Subdivision 3 is effective the day after the governing body of Coon Rapids and  
207.7 its chief clerical officer timely complete their compliance with Minnesota Statutes, section  
207.8 645.021, subdivisions 2 and 3, after June 30, 2009.

207.9 (d) Subdivision 4 is effective the day after the governing body of Edina and its  
207.10 chief clerical officer timely complete their compliance with Minnesota Statutes, section  
207.11 645.021, subdivisions 2 and 3, after June 30, 2009.

207.12 (e) Subdivision 5 is effective the day after the governing body of Fairmont and its  
207.13 chief clerical officer timely complete their compliance with Minnesota Statutes, section  
207.14 645.021, subdivisions 2 and 3, after June 30, 2009.

207.15 (f) Subdivision 6 is effective the day after the governing body of Falcon Heights  
207.16 and its chief clerical officer timely complete their compliance with Minnesota Statutes,  
207.17 section 645.021, subdivisions 2 and 3, after June 30, 2009.

207.18 (g) Subdivision 7 is effective the day after the governing body of Golden Valley and  
207.19 its chief clerical officer timely complete their compliance with Minnesota Statutes, section  
207.20 645.021, subdivisions 2 and 3, after June 30, 2009.

207.21 (h) Subdivision 8 is effective the day after the governing body of Wayzata and its  
207.22 chief clerical officer timely complete their compliance with Minnesota Statutes, section  
207.23 645.021, subdivisions 2 and 3, after June 30, 2009.

207.24 (i) Subdivision 9 is effective the day after the governing body of White Bear Lake  
207.25 and its chief clerical officer timely complete their compliance with Minnesota Statutes,  
207.26 section 645.021, subdivisions 2 and 3, after June 30, 2009.

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

207.28 Sec. 7. **REPEALER.**

207.29 Minnesota Statutes 2008, sections 356.2165; and 422A.08, subdivision 5a, are  
207.30 repealed.

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

ARTICLE 13

ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS

208.1  
208.2

208.3 Section 1. Minnesota Statutes 2008, section 352.86, subdivision 1, is amended to read:

208.4 Subdivision 1. ~~Eligibility; retirement annuity. A person who is employed by~~  
208.5 This section applies to any employee of the Department of Transportation in the civil  
208.6 service employment classification of aircraft pilot or chief pilot, who is covered for  
208.7 that employment by the general employee retirement plan of the system under section  
208.8 352.01, subdivision 23, and who elects this elected before June 1, 2008, special retirement  
208.9 coverage under ~~subdivision 3, who is prohibited from performing the duties of aircraft~~  
208.10 ~~pilot or chief pilot after reaching age 65 by a policy adopted by the commissioner of~~  
208.11 ~~transportation, and~~ this section by an irrevocable election on forms provided by the  
208.12 executive director.

208.13 Subd. 2. **Retirement annuity.** An eligible person under subdivision 1 who  
208.14 terminates employment as a state employee on or after age 62 but prior to normal  
208.15 retirement age is entitled, upon application, to a retirement annuity computed under  
208.16 section 352.115, subdivisions 2 and 3, without any reduction for early retirement under  
208.17 section 352.116, subdivision 1.

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

208.19 Sec. 2. Minnesota Statutes 2008, section 352.86, subdivision 1a, is amended to read:

208.20 Subd. ~~1a~~ 3. **Disability benefits.** An employee described in subdivision 1, ~~who is~~  
208.21 ~~less than 62 years of age and~~ who becomes disabled and physically or mentally unfit  
208.22 to perform occupational duties due to injury, sickness, or other disability, and who is  
208.23 found disqualified for retention as chief pilot or pilot as a result of a physical examination  
208.24 required by applicable federal laws or regulations, ~~is entitled upon application to disability~~  
208.25 ~~benefits for a maximum of five years in the amount of~~ may submit an application for  
208.26 disability benefits calculated under section 352.113, subdivision 3. In considering the  
208.27 disability benefit application, the executive director must use the disability standard  
208.28 specified in this subdivision rather than the total and permanent standard specified in  
208.29 section 352.113, subdivision 1. If disability benefits commence under section 352.113,  
208.30 subdivision 3, the appointing authority shall also provide payments from the state airports  
208.31 fund, totaling 75 percent of current monthly salary, to be paid by the appointing authority  
208.32 less the amount payable under section 352.113, subdivision 3. Payments from the state  
208.33 airports fund must be made for five years or until normal retirement age, whichever is  
208.34 earlier. Disability benefits must not continue after the employee reaches age 62. These

209.1 benefits are in lieu of all other state benefits for the disability, including, but not limited to,  
209.2 workers' compensation benefits.

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

209.4 Sec. 3. Minnesota Statutes 2008, section 352.86, subdivision 2, is amended to read:

209.5 Subd. ~~2~~ **4. Additional contributions.** ~~The special retirement annuity authorized~~  
209.6 ~~by subdivision 1 shall be financed by~~ An employee covered by this section must pay an  
209.7 additional employee contribution from the covered aircraft pilot or chief pilot of 1.6  
209.8 percent ~~and an employer contribution from~~ of salary. The Department of Transportation  
209.9 must pay an additional employer contribution of of 1.6 percent of salary. These  
209.10 contributions are in addition to the contributions required by section 352.04, subdivisions  
209.11 2 and 3. They must be made in the manner provided for in section 352.04, subdivisions 4,  
209.12 5, and 6.

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

209.14 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2, is amended to read:

209.15 Subd. 2. **Public employee.** "Public employee" means a governmental employee  
209.16 performing personal services for a governmental subdivision defined in subdivision 6,  
209.17 whose salary is paid, in whole or in part, from revenue derived from taxation, fees,  
209.18 assessments, or from other sources. The term includes the classes of persons described or  
209.19 listed in subdivision 2a. The term also includes persons who elect association membership  
209.20 under subdivision 2d, paragraph (a), and persons for whom the applicable governmental  
209.21 subdivision had elected association membership under subdivision 2d, paragraph (b). ~~The~~  
209.22 ~~term also includes full-time employees of the Dakota County Agricultural Society.~~ The  
209.23 term excludes the classes of persons listed in subdivision 2b for purposes of membership  
209.24 in the association.

209.25 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll  
209.26 period commencing after final enactment.

209.27 Sec. 5. Minnesota Statutes 2008, section 353.01, subdivision 2a, is amended to read:

209.28 Subd. 2a. **Included employees.** (a) Public employees whose salary from  
209.29 employment in one or more positions within one governmental subdivision exceeds \$425  
209.30 in any month shall participate as members of the association. If the salary is less than  
209.31 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public  
209.32 employees shall participate as members of the association with retirement coverage by

210.1 the public employees retirement plan or the public employees police and fire retirement  
210.2 plan under this chapter, or the local government correctional employees retirement plan  
210.3 under chapter 353E, whichever applies, as a condition of their employment on the first  
210.4 day of employment unless they:

210.5 (1) are specifically excluded under subdivision 2b;

210.6 (2) do not exercise their option to elect retirement coverage in the association as  
210.7 provided in subdivision 2d, paragraph (a); or

210.8 (3) are employees of the governmental subdivisions listed in subdivision 2d,  
210.9 paragraph (b), where the governmental subdivision has not elected to participate as a  
210.10 governmental subdivision covered by the association.

210.11 (b) A public employee who was a member of the association on June 30, 2002,  
210.12 based on employment that qualified for membership coverage by the public employees  
210.13 retirement plan or the public employees police and fire plan under this chapter, or the  
210.14 local government correctional employees retirement plan under chapter 353E as of June  
210.15 30, 2002, retains that membership for the duration of the person's employment in that  
210.16 position or incumbency in elected office. Except as provided in subdivision 28, the person  
210.17 shall participate as a member until the employee or elected official terminates public  
210.18 employment under subdivision 11a or terminates membership under subdivision 11b.

210.19 (c) Public employees under paragraph (a) include:

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

210.22 (2) full-time employees of the Dakota County Agricultural Society; and

210.23 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis  
210.24 Police Relief Association who are not excluded employees under subdivision 2b due to  
210.25 coverage by the relief association pension plan and who elect Public Employee Retirement  
210.26 Association general plan coverage under section 5.

210.27 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll  
210.28 period commencing after final enactment.

210.29 Sec. 6. Minnesota Statutes 2008, section 353.01, subdivision 6, is amended to read:

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

211.1 (b) Governmental subdivision also means the Public Employees Retirement  
211.2 Association, the League of Minnesota Cities, the Association of Metropolitan  
211.3 Municipalities, charter schools formed under section 124D.10, service cooperatives  
211.4 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers  
211.5 boards organized under section 471.59, subdivision 11, paragraph (a), family service  
211.6 collaboratives and children's mental health collaboratives organized under section 471.59,  
211.7 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives  
211.8 are governmental units that otherwise qualify for retirement plan membership, public  
211.9 hospitals owned or operated by, or an integral part of, a governmental subdivision or  
211.10 governmental subdivisions, the Association of Minnesota Counties, the Minnesota  
211.11 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan  
211.12 Airports Commission, the University of Minnesota with respect to police officers covered  
211.13 by the public employees police and fire retirement plan, the Minneapolis Employees  
211.14 Retirement Fund for employment initially commenced after June 30, 1979, the Range  
211.15 Association of Municipalities and Schools, soil and water conservation districts, economic  
211.16 development authorities created or operating under sections 469.090 to 469.108, the Port  
211.17 Authority of the city of St. Paul, the Spring Lake Park Fire Department, incorporated,  
211.18 the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental  
211.19 Learning Center, the Dakota County Agricultural Society, ~~and~~ Hennepin Healthcare  
211.20 System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police  
211.21 Relief Association with respect to staff covered by the Public Employees Retirement  
211.22 Association general plan.

211.23 (c) Governmental subdivision does not mean any municipal housing and  
211.24 redevelopment authority organized under the provisions of sections 469.001 to 469.047;  
211.25 or any port authority organized under sections 469.048 to 469.089 other than the Port  
211.26 Authority of the city of St. Paul; or any hospital district organized or reorganized prior  
211.27 to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the  
211.28 board of a family service collaborative or children's mental health collaborative organized  
211.29 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled  
211.30 by representatives of governmental units.

211.31 (d) A nonprofit corporation governed by chapter 317A or organized under Internal  
211.32 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a  
211.33 governmental subdivision unless the entity has obtained a written advisory opinion from  
211.34 the United States Department of Labor or a ruling from the Internal Revenue Service  
211.35 declaring the entity to be an instrumentality of the state so as to provide that any future

212.1 contributions by the entity on behalf of its employees are contributions to a governmental  
212.2 plan within the meaning of Internal Revenue Code, section 414(d).

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

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

212.9 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll  
212.10 period commencing after final enactment.

212.11 Sec. 7. Minnesota Statutes 2008, section 471.61, subdivision 1, is amended to read:

212.12 Subdivision 1. **Officers, employees.** A county, municipal corporation, town, school  
212.13 district, county extension committee, other political subdivision or other body corporate  
212.14 and politic of this state, other than the state or any department of the state, through its  
212.15 governing body, and any two or more subdivisions acting jointly through their governing  
212.16 bodies, may insure or protect its or their officers and employees, and their dependents, or  
212.17 any class or classes of officers, employees, or dependents, under a policy or policies or  
212.18 contract or contracts of group insurance or benefits covering life, health, and accident, in  
212.19 the case of employees, and medical and surgical benefits and hospitalization insurance  
212.20 or benefits for both employees and dependents or dependents of an employee whose  
212.21 death was due to causes arising out of and in the course of employment, or any one or  
212.22 more of those forms of insurance or protection. A governmental unit, including county  
212.23 extension committees and those paying their employees, may pay all or any part of  
212.24 the premiums or charges on the insurance or protection. A payment is deemed to be  
212.25 additional compensation paid to the officers or employees, but for purposes of determining  
212.26 contributions or benefits under a public pension or retirement system it is not deemed  
212.27 to be additional compensation. One or more governmental units may determine that  
212.28 a person is an officer or employee if the person receives income from the governmental  
212.29 subdivisions without regard to the manner of election or appointment, including but not  
212.30 limited to employees of county historical societies that receive funding from the county  
212.31 and employees of the Minnesota Inter-county Association. The appropriate officer of  
212.32 the governmental unit, or those disbursing county extension funds, shall deduct from  
212.33 the salary or wages of each officer and employee who elects to become insured or so  
212.34 protected, on the officer's or employee's written order, all or part of the officer's or

213.1 employee's share of premiums or charges and remit the share or portion to the insurer or  
213.2 company issuing the policy or contract.

213.3 A governmental unit, other than a school district, that pays all or part of the premiums  
213.4 or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy  
213.5 for the purpose of providing the necessary money for the payment of the premiums or  
213.6 charges, and the sums levied and appropriated are not, in the event the sum exceeds the  
213.7 maximum sum allowed by the charter of a municipal corporation, considered part of  
213.8 the cost of government of the governmental unit as defined in any levy or expenditure  
213.9 limitation; provided at least 50 percent of the cost of benefits on dependents must be  
213.10 contributed by the employee or be paid by levies within existing charter tax limitations.

213.11 The word "dependents" as used in this subdivision means spouse and minor  
213.12 unmarried children under the age of 18 years actually dependent upon the employee.

213.13 Notwithstanding any other law to the contrary, a political subdivision described in  
213.14 this subdivision may provide health benefits to its employees, dependents, and other  
213.15 eligible persons through negotiated contributions to self-funded multiemployer health  
213.16 and welfare funds.

213.17 **EFFECTIVE DATE.** This section is effective the day following final enactment;  
213.18 applies to contributions made before, on, or after that date; and is intended as a clarification  
213.19 of existing law.

213.20 **Sec. 8. PRIOR PENSION PLAN TERMINATION.**

213.21 As of the effective date of this section, contributions to the defined contribution or  
213.22 defined benefit pension plan or plans which previously provided primary pension coverage  
213.23 for any individual who elects coverage by the general employees retirement plan of the  
213.24 Public Employee Retirement Association under section 5 must terminate and must not be  
213.25 resumed.

213.26 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll  
213.27 period commencing after final enactment.

213.28 **Sec. 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE**  
213.29 **CREDIT PURCHASE AUTHORIZATION.**

213.30 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the  
213.31 contrary, unless the period to be purchased is credited as allowable service by another  
213.32 retirement plan covered by Minnesota Statutes, section 356.30, or would be ineligible  
213.33 for credit as allowable service under Minnesota Statutes, section 353.01, subdivision

214.1 16, if the service had been performed after the effective date of this section, an eligible  
214.2 person described in paragraph (b) may purchase allowable service credit under Minnesota  
214.3 Statutes, section 353.01, subdivision 16, from the general employees retirement plan of  
214.4 the Public Employees Retirement Association for the period specified in paragraph (c), by  
214.5 making the payment required under paragraph (d).

214.6 (b) An eligible person is a person who began employment as staff to the Minneapolis  
214.7 Firefighters Relief Association or the Minneapolis Police Relief Association prior to  
214.8 the effective date of this section, and due to that employment became a member of the  
214.9 general employees retirement plan of the Public Employees Retirement Association on  
214.10 the effective date of this section.

214.11 (c) The period of prior service credit available for purchase is the period of  
214.12 employment with the Minneapolis Firefighters Relief Association or the Minneapolis  
214.13 Police Relief Association, whichever is applicable, which would be includable service  
214.14 under the Public Employees Retirement Association general plan if that service had been  
214.15 performed after the effective date rather than before.

214.16 (d) Except as otherwise stated under this section, Minnesota Statutes, section  
214.17 356.551, applies to this purchase.

214.18 (e) An eligible person may purchase allowable service credit for a portion of the  
214.19 eligible period, resulting in prorated service credit.

214.20 (f) The election to purchase prior service credit under this section must be made in  
214.21 writing and must be filed with the executive director of the Public Employees Retirement  
214.22 Association.

214.23 (g) This section expires one year after the effective date of this section.

214.24 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll  
214.25 period commencing after final enactment.

214.26 Sec. 10. **ELECTION OF COVERAGE.**

214.27 (a) An individual who is an employee of the Minneapolis Firefighters Relief  
214.28 Association or the Minneapolis Police Relief Association on the effective date of this  
214.29 section, and who is not excluded under section 353.01, subdivision 2b, due to coverage  
214.30 by the relief association pension plan, may elect prospective coverage by the general  
214.31 employees retirement plan of the Public Employees Retirement Association under an  
214.32 election as specified in this section.

214.33 (b) An eligible individual under paragraph (a) may elect coverage by the general  
214.34 employees retirement plan of the Public Employees Retirement Association by making an  
214.35 election on a form provided by the Public Employees Retirement Association executive

215.1 director. For an election to be valid, it must be made within 90 days of the effective date  
215.2 of this section and is irrevocable.

215.3 (c) The Public Employees Retirement Association must provide eligible individuals  
215.4 with information and counseling regarding the general employees retirement plan of the  
215.5 Public Employees Retirement Association and the implications of electing that coverage.

215.6 (d) If an eligible individual elects not to be covered by the general employees  
215.7 retirement plan of the Public Employees Retirement Association, or if no election is made,  
215.8 the prior coverage, if any, remains unchanged.

215.9 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll  
215.10 period commencing after final enactment.

215.11 Sec. 11. **PERA-GENERAL; PURCHASE OF CREDIT FOR OMITTED**  
215.12 **CONTRIBUTION PERIOD.**

215.13 (a) An eligible person described in paragraph (b) is entitled, upon written application  
215.14 filed with the executive director of the Public Employees Retirement Association, to  
215.15 purchase service credit for the period of omitted contributions specified in paragraph (c)  
215.16 by paying the amount determined under paragraph (d). The employer of the eligible  
215.17 person shall pay the amount determined under paragraph (e) within 30 days of being  
215.18 notified by the Public Employees Retirement Association executive director that the  
215.19 eligible person made the person's payment.

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

215.21 (1) was born on December 16, 1946;

215.22 (2) was first employed by the city of Elizabeth, Minnesota, municipal liquor store on  
215.23 July 23, 2004;

215.24 (3) was first eligible for coverage by the general employees retirement plan of the  
215.25 Public Employees Retirement Association in September 2004;

215.26 (4) was not reported as a general employees retirement plan member by the city of  
215.27 Elizabeth, Minnesota, to the Public Employees Retirement Association until January  
215.28 2005; and

215.29 (5) did not receive service credit under Minnesota Statutes, section 353.27,  
215.30 subdivision 12, paragraph (e), in a timely fashion.

215.31 (c) The period of purchasable service credit is that portion of the period September  
215.32 1, 2004, until January 1, 2005, during which the eligible person was an included employee  
215.33 under Minnesota Statutes, section 353.01, subdivision 2a, and during which the required  
215.34 deductions from the compensation of the eligible employee were not made under  
215.35 Minnesota Statutes, section 353.27, subdivision 2.

216.1 (d) The member purchase amount is the amount of the omitted member contributions  
216.2 during the period of purchasable service credit, plus compound annual interest at the rate  
216.3 of 8.5 percent from October 15, 2004, to the date on which payment is made.

216.4 (e) The employer purchase amount is either the balance of the full actuarial value  
216.5 purchase payment amount determined under Minnesota Statutes, section 356.551,  
216.6 remaining after subtracting the amount under paragraph (d) or the amount of the employer  
216.7 and employer additional contributions under Minnesota Statutes, section 353.27,  
216.8 subdivisions 3 and 3a, plus compound annual interest at the rate of 8.5 percent from  
216.9 October 15, 2004, to the date on which payment is made, whichever is larger. If the  
216.10 employer fails to pay the employer purchase amount in a timely fashion, the executive  
216.11 director of the Public Employees Retirement Association shall certify the unpaid  
216.12 amount, plus monthly compound interest at the rate of 0.71 percent for the period, to the  
216.13 commissioners of finance and revenue, who shall deduct the unpaid amount from any state  
216.14 aid or state transfers that the employing unit is eligible to receive and shall transmit the  
216.15 amount to the Public Employees Retirement Association.

216.16 (f) Purchase authority under this section expires on July 1, 2010.

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

216.18 Sec. 12. **PERA-GENERAL AND TRA; ANNUITY APPLICATION**  
216.19 **REVOCAATION.**

216.20 (a) An eligible person specified in paragraph (b) may elect to revoke retirement  
216.21 annuity applications as provided in paragraph (c). The election must be made in writing  
216.22 and must be filed with the executive director of the applicable retirement plan.

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

216.24 (1) was born in 1943;

216.25 (2) was employed as publications editor for St. Cloud State University for twenty  
216.26 years, ending in 1998, and was covered by virtue of that employment by the general state  
216.27 employees retirement plan of the Minnesota State Retirement System;

216.28 (3) retired from the general state employees retirement plan of the Minnesota State  
216.29 Retirement System in 2007;

216.30 (4) was employed by the Underwood, Minnesota, municipal liquor store in early  
216.31 2008, terminated that employment on April 18, 2008, applied for a retirement annuity from  
216.32 the general employee retirement plan of the Public Employees Retirement Association  
216.33 and from the Teachers Retirement Association under Minnesota Statutes, section 356.30,  
216.34 in April or May 2008, and was subsequently reemployed by the municipal liquor store  
216.35 on or about May 20, 2008; and

217.1 (5) was informed by the Public Employees Retirement Association of a retirement  
217.2 annuity overpayment of \$349.65 on July 22, 2008.

217.3 (c) If elected, the eligible person may revoke the person's application for a retirement  
217.4 annuity from the general employee retirement plan of the Public Employees Retirement  
217.5 Association, or revoke the person's application for a retirement annuity from the Teachers  
217.6 Retirement Association, or revoke the person's application for a retirement annuity from  
217.7 both retirement plans. If a retirement application is revoked, the person's retirement  
217.8 annuity ends, the entitlement of the person to a future retirement annuity is restored, and  
217.9 that future retirement annuity amount must be adjusted by subtracting the total value of  
217.10 the retirement annuity amounts received from that retirement plan from the actuarial  
217.11 present value of the eligible person's future annuity without adjustment, calculated based  
217.12 on the mortality table for retired lives of the applicable retirement plan and 8.5 percent  
217.13 interest rate assumption, and determining the adjusted annuity amount from the remaining  
217.14 actuarial present value amount using the same interest and mortality assumption.

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

217.16 Sec. 13. **MSRS-GENERAL AND PERA-GENERAL; PLAN MEMBERSHIP**  
217.17 **EXCLUSION AND DEFERRED ANNUITY AUGMENTATION.**

217.18 (a) A qualified person described in paragraph (b) may, upon written application  
217.19 filed with the executive director of the Public Employees Retirement Association, elect  
217.20 retroactive exclusion from coverage by the general employees retirement plan of the  
217.21 Public Employees Retirement Association for any period of teacher assistant service for  
217.22 Independent School District No. 623, Roseville, and qualification for deferred annuities  
217.23 augmentation for the retroactively excluded period.

217.24 (b) A qualified person is a person who:

217.25 (1) was born on January 17, 1951;

217.26 (2) was employed by Ramsey County from January 20, 1975, to June 22, 1999;

217.27 (3) was employed by the state of Minnesota from June 22, 1999, to April 4, 2006; and

217.28 (4) was employed by Independent School District No. 623, Roseville, as a teacher  
217.29 assistant following terminating state employment from December 13, 2007, to June 6,  
217.30 2008.

217.31 (c) If the retroactive exclusion is elected, all member and employer contributions to  
217.32 the general employees retirement plan of the Public Employees Retirement Association  
217.33 made with respect to Independent School District No. 623, Roseville, teacher assistant  
217.34 employment must be refunded with interest under Minnesota Statutes, section 353.27,  
217.35 subdivision 7, and the qualified person is entitled, if otherwise eligible, for deferred

218.1 annuities augmentation from the general employees retirement plan of the Public  
218.2 Employees Retirement Association and from the general state employees retirement plan  
218.3 of the Minnesota State Retirement System for the period of retroactive exclusion.

218.4 (d) Authority to make the election under this section expires September 1, 2009.

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

218.6 Sec. 14. **MSRS-GENERAL; EXCEPTION TO DISABILITY BENEFIT**  
218.7 **APPLICATION DEADLINE.**

218.8 (a) Notwithstanding any provision of Minnesota Statutes, section 352.113,  
218.9 subdivision 4, paragraph (e), to the contrary, an eligible person described in paragraph

218.10 (b) is entitled to file a disability benefit application with the general state employees  
218.11 retirement plan of the Minnesota State Retirement System and, if otherwise qualified under  
218.12 Minnesota Statutes, section 352.113, receive a disability benefit from the retirement plan.

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

218.14 (1) was born on March 8, 1966;

218.15 (2) was an employee of the Minnesota Veterans Home at Silver Bay, Minnesota;

218.16 (3) terminated state employment on July 25, 2007;

218.17 (4) attempted to apply for a disability benefit in February 2008;

218.18 (5) had a request to apply for a disability benefit denied by the executive director of  
218.19 the Minnesota State Retirement System on April 3, 2008;

218.20 (6) appealed the executive director's decision to the Minnesota State Retirement  
218.21 System board of directors on April 24, 2008; and

218.22 (7) had the appeal to the Minnesota State Retirement System board of directors  
218.23 denied on August 4, 2008.

218.24 (c) This section expires on June 1, 2010.

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

218.26 Sec. 15. **MSRS-GENERAL; ALLOWABLE SERVICE CREDIT REVISION FOR**  
218.27 **JOB-SHARE EMPLOYEES.**

218.28 (a) An eligible person as described in paragraph (b) is entitled to have any partial  
218.29 month allowable service credit in the general state employees retirement plan of the  
218.30 Minnesota State Retirement System for part-time employment as a job-share employee  
218.31 revised to be identical to allowable service credit for part-time state employment under  
218.32 Minnesota Statutes, section 352.01, subdivision 11, that was not rendered as a job-share  
218.33 employee.

219.1 (b) An eligible person:

219.2 (1) is an active member of the general state employees retirement plan or a retired  
219.3 member of the general state employees retirement plan;

219.4 (2) was employed in the demonstration job-sharing project under Laws 1980,  
219.5 chapter 572, or in the job-sharing program under Minnesota Statutes 1998, sections  
219.6 43A.41 to 43A.46;

219.7 (3) was employed in the demonstration job-sharing project or in the job-sharing  
219.8 program for one-half of full time; and

219.9 (4) received partial month allowable service credit under Minnesota Statutes, section  
219.10 352.01, subdivision 11.

219.11 (c) To have allowable service credit revised under this section, an eligible person  
219.12 shall provide the executive director of the Minnesota State Retirement System any  
219.13 relevant documentation that the executive director requests.

219.14 (d) If the eligible person is a retired member of the general state employees  
219.15 retirement plan, the person's retirement annuity must be recomputed based on the revised  
219.16 service credit under this section and the recomputed retirement annuity is payable on the  
219.17 first day of the month next following the effective date of this section.

219.18 (e) Nothing in this section may be interpreted to authorize the crediting of more than  
219.19 one year of allowable service during any 12-month period or to authorize the payment of  
219.20 any retroactive recomputed retirement annuity amounts.

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

219.22 Sec. 16. **HENNEPIN COUNTY EMPLOYEE WAIVER OF SERVICE**  
219.23 **REQUIREMENT TO APPLY FOR DISABILITY.**

219.24 (a) Notwithstanding Minnesota Statutes, section 353.33, subdivision 1, an eligible  
219.25 person specified in paragraph (b) is authorized to submit an application for disability  
219.26 benefits from the general employees retirement plan of the Public Employees Retirement  
219.27 Association.

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

219.29 (1) was born May 6, 1972;

219.30 (2) was employed by Independent School District No. 11, Anoka-Hennepin, from  
219.31 September 11, 1995, to August 6, 1996;

219.32 (3) was employed by Hennepin County from July 31, 2000, to December 30, 2004;

219.33 (4) was again employed by Hennepin County starting April 2, 2007, with the most  
219.34 recent employment position being a principal child support officer;

220.1 (5) has service credit with the Public Employees Retirement Association due to the  
220.2 employment under clauses (2), (3), and (4); and

220.3 (6) has had several leaves from Hennepin County employment of a medical-related  
220.4 nature.

220.5 (c) If an eligible person under paragraph (b) files a valid application, the executive  
220.6 director of the Public Employees Retirement Association shall determine whether that  
220.7 eligible person qualifies to receive a disability benefit under the laws and procedures  
220.8 applicable to the general employees retirement plan of the Public Employees Retirement  
220.9 Association.

220.10 (d) This section expires one year after the effective date of this section.

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

220.12 Sec. 17. **REPEALER.**

220.13 Minnesota Statutes 2008, section 352.86, subdivision 3, is repealed.

APPENDIX  
Article locations in s0191-2

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ARTICLE 3	STATE CORRECTIONAL RETIREMENT PLAN .....	Page.Ln 57.1
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ARTICLE 7	MNSCU RELATED RETIREMENT PROVISIONS .....	Page.Ln 115.14
ARTICLE 8	ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION .....	Page.Ln 118.11
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