

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1398

(SENATE AUTHORS: PAPPAS)

DATE	D-PG	OFFICIAL STATUS
03/05/2015	567	Introduction and first reading Referred to State and Local Government
04/16/2015	1558a	Comm report: To pass as amended and re-refer to Finance Joint rule 2.03, referred to Rules and Administration
04/21/2015		Comm report: Adopt previous comm report

A bill for an act

1.1 relating to retirement; statewide and major local public retirement plans;
1.2 eliminating various outdated or obsolete allowable service credit provisions;
1.3 eliminating other outdated date references in pension provisions; clarifying
1.4 or eliminating other ambiguous retirement provisions; correcting various
1.5 pension-related headnotes; amending Minnesota Statutes 2014, sections 352.01,
1.6 subdivisions 11, 15; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2;
1.7 352.22, subdivisions 8, 10; 352.23; 352.75, subdivision 2; 352.87, subdivision 8;
1.8 352B.011, subdivision 3; 352B.07; 352B.25; 353.01, subdivisions 2b, 6, 16, 17;
1.9 353.017, subdivision 2; 353.46, subdivision 2; 353.64, subdivisions 7a, 8, 9, 10;
1.10 353D.071, subdivision 2; 354.05, subdivisions 10, 13, 25; 354.07, subdivision
1.11 5; 354.092, subdivision 4; 354.42, subdivision 1a; 354.44, subdivisions 8,
1.12 9; 354.45, subdivision 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5;
1.13 354.52, subdivision 4c; 354.55, subdivision 10; 354A.011, subdivision 6;
1.14 354A.092; 354A.12, subdivision 3c; 354A.31, subdivision 7; 354A.42; 356.215,
1.15 subdivisions 1, 18; 356.245; 356.40; 356.405; 356.407, subdivision 1; 356.415,
1.16 subdivisions 1, 1a, 1d, 1e, 1f; 356.431; 356.62; 356B.10, subdivisions 2, 3, 4, 5,
1.17 6, 7; 423A.02, subdivision 1b; 424A.001, subdivision 10; repealing Minnesota
1.18 Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91,
1.19 subdivisions 3a, 3b; 352B.29; 353.83; 353.84; 353.85; 354.146, subdivisions 1, 3;
1.20 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13, 16, 17, 18, 19; 354.58;
1.21 354A.35, subdivision 2a; 356.42; 356.49, subdivision 2; 424A.03, subdivision 3.

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

ARTICLE 1

OUTDATED ALLOWABLE SERVICE DATE REFERENCES

1.26 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 11, is amended to read:

1.27 Subd. 11. **Allowable service.** (a) "Allowable service" means:

1.28 ~~(1) service by an employee for which on or before July 1, 1961, the employee chose~~
1.29 ~~to obtain credit for service by making payments to the fund under Minnesota Statutes~~
1.30 ~~1961, section 352.24;~~

2.1 ~~(2)~~ (1) service by an employee ~~after July 1, 1957~~, for any calendar month in which
2.2 the employee is paid salary from which deductions are made, deposited, and credited in the
2.3 fund, including deductions made, deposited, and credited as provided in section 352.041;

2.4 ~~(3)~~ (2) service by an employee for any calendar month for which payments in lieu of
2.5 salary deductions are made, deposited, and credited in the fund, as provided in section
2.6 352.27;

2.7 ~~(4)~~ (3) the period of absence from their duties by employees who are temporarily
2.8 disabled because of injuries incurred in the performance of duties and for which disability
2.9 the state is liable under the workers' compensation law until the date authorized by the
2.10 director for the commencement of payments of a total and permanent disability benefit
2.11 from the retirement fund;

2.12 ~~(5)~~ (4) service covered by a refund repaid as provided in section 352.23 or 352D.05,
2.13 subdivision 4, except service rendered as an employee of the adjutant general for which
2.14 the person has credit with the federal civil service retirement system;

2.15 ~~(6)~~ (5) service rendered before July 1, 1978, by an employee of the Transit Operating
2.16 Division of the Metropolitan Transit Commission or by an employee on an authorized
2.17 leave of absence from the Transit Operating Division of the Metropolitan Transit
2.18 Commission who is employed by the labor organization which is the exclusive bargaining
2.19 agent representing employees of the Transit Operating Division, which was credited by
2.20 the Metropolitan Transit Commission-Transit Operating Division employees retirement
2.21 fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or
2.22 allowable service as defined in the Metropolitan Transit Commission-Transit Operating
2.23 Division employees retirement fund plan document in effect on December 31, 1977;

2.24 ~~(7)~~ (6) service rendered after July 1, 1983, by an employee who is employed on
2.25 a part-time basis for less than 50 percent of full time, for which the employee is paid
2.26 salary from which deductions are made, deposited, and credited in the fund, including
2.27 deductions made, deposited, and credited as provided in section 352.041 or for which
2.28 payments in lieu of salary deductions are made, deposited, and credited in the fund
2.29 as provided in section 352.27 ~~shall~~ must be credited on a fractional basis either by pay
2.30 period, monthly, or annually based on the relationship that the percentage of salary earned
2.31 bears to a full-time salary, with any salary paid for the fractional service credited on the
2.32 basis of the rate of salary applicable for a full-time pay period, month, or a full-time
2.33 year. For periods of part-time service that is duplicated service credit, section 356.30,
2.34 subdivision 1, paragraphs (g) and (h), govern; and

3.1 ~~(8)~~ (7) any period of authorized leave of absence without pay that does not exceed
 3.2 one year and for which the employee obtained credit by payment to the fund under section
 3.3 352.017.

3.4 ~~(9)~~ [~~Renumbered clause (8)~~]

3.5 ~~(10)~~ MS 2002 [~~Expired~~]

3.6 ~~(11)~~ [~~Expired, 2002 e 392 art 2 s 4~~]

3.7 (b) For purposes of paragraph (a), clauses ~~(2)~~ (1) and ~~(3)~~ (2), any salary that is paid
 3.8 for a fractional part of any calendar month, including the month of separation from state
 3.9 service, is deemed to be the compensation for the entire calendar month.

3.10 (c) Allowable service determined and credited on a fractional basis must be used in
 3.11 calculating the amount of benefits payable, but service as determined on a fractional basis
 3.12 must not be used in determining the length of service required for eligibility for benefits.

3.13 Sec. 2. Minnesota Statutes 2014, section 352B.011, subdivision 3, is amended to read:

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

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

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

3.19 ~~(3) for members defined in subdivision 10, clauses (2) and (3), service for which
 3.20 payments have been made to the State Patrol retirement fund under law, service for which
 3.21 payments were made to the State Police officers retirement fund under law after June
 3.22 30, 1961, and all prior service which was credited to a member for service on or before
 3.23 June 30, 1961;~~

3.24 ~~(4)~~ (2) any period of authorized leave of absence without pay that does not exceed
 3.25 one year and for which the employee obtains credit by payment to the fund under section
 3.26 352B.013; and

3.27 ~~(5)~~ (3) eligible periods of uniformed service for which the member obtained service
 3.28 credit by making the payment required under section 352B.086 to the fund.

3.29 (b) Allowable service also includes any period of absence from duty by a member
 3.30 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
 3.31 for which disability the state is liable under the workers' compensation law, until the date
 3.32 authorized by the executive director for commencement of payment of a disability benefit
 3.33 or until the date of a return to employment if in conformity with section 352B.085.

3.34 Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

4.13 (5) a period of authorized personal, parental, or medical leave of absence without
4.14 pay, including a leave of absence covered under the federal Family Medical Leave Act,
4.15 that does not exceed one year, and for which a member obtained service credit for each
4.16 month in the leave period by payment under section 353.0161 to the fund made in place of
4.17 salary deductions. An employee must return to public service and render a minimum of
4.18 three months of allowable service in order to be eligible to make payment under section
4.19 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
4.20 employee must be granted allowable service credit for the purchased period;

4.21 (6) a periodic, repetitive leave that is offered to all employees of a governmental
4.22 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
4.23 as certified to the association by the employer. A participating member obtains service
4.24 credit by making employee contributions in an amount or amounts based on the member's
4.25 average salary, excluding overtime pay, that would have been paid if the leave had not been
4.26 taken. The employer shall pay the employer and additional employer contributions on
4.27 behalf of the participating member. The employee and the employer are responsible to pay
4.28 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
4.29 from the end of the normal cycle until full payment is made. An employer shall also make
4.30 the employer and additional employer contributions, plus 8.5 percent interest, compounded
4.31 annually, on behalf of an employee who makes employee contributions but terminates
4.32 public service. The employee contributions must be made within one year after the end of
4.33 the annual normal working cycle or within 30 days after termination of public service,
4.34 whichever is sooner. The executive director shall prescribe the manner and forms to be
4.35 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
4.36 payment, the member must be granted allowable service credit for the purchased period;

5.1 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
5.2 months allowable service per authorized temporary or seasonal layoff in one calendar year.
5.3 An employee who has received the maximum service credit allowed for an authorized
5.4 temporary or seasonal layoff must return to public service and must obtain a minimum of
5.5 three months of allowable service subsequent to the layoff in order to receive allowable
5.6 service for a subsequent authorized temporary or seasonal layoff;

5.7 (8) a period during which a member is absent from employment by a governmental
5.8 subdivision by reason of service in the uniformed services, as defined in United States
5.9 Code, title 38, section 4303(13), if the member returns to public service with the same
5.10 governmental subdivision upon discharge from service in the uniformed service within the
5.11 time frames required under United States Code, title 38, section 4312(e), provided that
5.12 the member did not separate from uniformed service with a dishonorable or bad conduct
5.13 discharge or under other than honorable conditions. The service must be credited if the
5.14 member pays into the fund equivalent employee contributions based upon the contribution
5.15 rate or rates in effect at the time that the uniformed service was performed multiplied by
5.16 the full and fractional years being purchased and applied to the annual salary rate. The
5.17 annual salary rate is the average annual salary during the purchase period that the member
5.18 would have received if the member had continued to be employed in covered employment
5.19 rather than to provide uniformed service, or, if the determination of that rate is not
5.20 reasonably certain, the annual salary rate is the member's average salary rate during the
5.21 12-month period of covered employment rendered immediately preceding the period of the
5.22 uniformed service. Payment of the member equivalent contributions must be made during
5.23 a period that begins with the date on which the individual returns to public employment
5.24 and that is three times the length of the military leave period, or within five years of the
5.25 date of discharge from the military service, whichever is less. If the determined payment
5.26 period is less than one year, the contributions required under this clause to receive service
5.27 credit may be made within one year of the discharge date. Payment may not be accepted
5.28 following 30 days after termination of public service under subdivision 11a. If the member
5.29 equivalent contributions provided for in this clause are not paid in full, the member's
5.30 allowable service credit must be prorated by multiplying the full and fractional number
5.31 of years of uniformed service eligible for purchase by the ratio obtained by dividing the
5.32 total member contributions received by the total member contributions otherwise required
5.33 under this clause. The equivalent employer contribution, and, if applicable, the equivalent
5.34 additional employer contribution must be paid by the governmental subdivision employing
5.35 the member if the member makes the equivalent employee contributions. The employer
5.36 payments must be made from funds available to the employing unit, using the employer

6.1 and additional employer contribution rate or rates in effect at the time that the uniformed
 6.2 service was performed, applied to the same annual salary rate or rates used to compute the
 6.3 equivalent member contribution. The governmental subdivision involved may appropriate
 6.4 money for those payments. The amount of service credit obtainable under this section may
 6.5 not exceed five years unless a longer purchase period is required under United States Code,
 6.6 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
 6.7 employer contribution amounts payable under this clause. Interest must be computed at a
 6.8 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
 6.9 break in service to the end of the month in which the payment is received. Upon payment,
 6.10 the employee must be granted allowable service credit for the purchased period; or

6.11 (9) a period specified under section 353.0162.

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

6.17 ~~(e) (b)~~ No member may receive more than 12 months of allowable service credit in a
 6.18 year either for vesting purposes or for benefit calculation purposes.

6.19 (c) For an active member who was an active member of the former Minneapolis
 6.20 Firefighters Relief Association on December 29, 2011, "allowable service" is the period
 6.21 of service credited by the Minneapolis Firefighters Relief Association as reflected in
 6.22 the transferred records of the association up to December 30, 2011, and the period
 6.23 of service credited under paragraph (a), clause (1), after December 30, 2011. For an
 6.24 active member who was an active member of the former Minneapolis Police Relief
 6.25 Association on December 29, 2011, "allowable service" is the period of service credited
 6.26 by the Minneapolis Police Relief Association as reflected in the transferred records of the
 6.27 association up to December 30, 2011, and the period of service credited under paragraph
 6.28 (a), clause (1), after December 30, 2011.

6.29 ~~(d) MS 2002 [Expired]~~

6.30 Sec. 4. Minnesota Statutes 2014, section 354.05, subdivision 13, is amended to read:

6.31 Subd. 13. **Allowable service.** "Allowable service" means:

6.32 ~~(1) any service rendered by a teacher for which on or before July 1, 1957, the~~
 6.33 ~~teacher's account in the retirement fund was credited by reason of employee contributions~~
 6.34 ~~in the form of salary deductions, payments in lieu of salary deductions, or in any other~~

7.1 manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by
7.2 Laws 1955, chapters 361, 549, 550, and 611;

7.3 ~~(2)~~ any service rendered by a teacher for which on or before July 1, 1961, the teacher
7.4 elected to obtain credit for service by making payments to the fund under Minnesota
7.5 Statutes 1980, section 354.09 and section 354.51;

7.6 ~~(3)~~ (1) any service rendered by a teacher after July 1, 1957, for any calendar month
7.7 when the member receives salary from which deductions are made, deposited and credited
7.8 in the fund;

7.9 ~~(4)~~ (2) any service rendered by a person after July 1, 1957, for any calendar month
7.10 where payments in lieu of salary deductions are made, deposited and credited into the fund
7.11 as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;

7.12 ~~(5)~~ (3) any service rendered by a teacher for which the teacher elected to obtain
7.13 credit for service by making payments to the fund under Minnesota Statutes 1980,
7.14 section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,
7.15 section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or
7.16 Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;

7.17 ~~(6)~~ (4) both service during years of actual membership in the course of which
7.18 contributions were currently made and service in years during which the teacher was not a
7.19 member but for which the teacher later elected to obtain credit by making payments to the
7.20 fund as permitted by any law then in effect;

7.21 ~~(7)~~ (5) any service rendered where contributions were made and no credit was
7.22 established because of the limitations contained in Minnesota Statutes 1957, section
7.23 135.09, subdivision 2, as determined by the ratio between the amounts of money credited
7.24 to the teacher's account in a fiscal year and the maximum retirement contribution allowable
7.25 for that year;

7.26 ~~(8)~~ MS 2002 [Expired]

7.27 ~~(9)~~ (6) a period of time during which a teacher was on strike without pay, not to exceed
7.28 a period of one year, if payment in lieu of salary deductions is made under section 354.72;

7.29 ~~(10)~~ (7) a period of service before July 1, 2006, that was properly credited as
7.30 allowable service by the Minneapolis Teachers Retirement Fund Association, and that
7.31 was rendered by a teacher as an employee of Special School District No. 1, Minneapolis,
7.32 or by an employee of the Minneapolis Teachers Retirement Fund Association who was
7.33 a member of the Minneapolis Teachers Retirement Fund Association by virtue of that
7.34 employment, who has not begun receiving an annuity or other retirement benefit from
7.35 the former Minneapolis Teachers Retirement Fund Association calculated in whole or
7.36 in part on that service before July 1, 2006, and who has not taken a refund of member

8.1 contributions related to that service unless the refund is repaid under section 354.50,
 8.2 subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on
 8.3 or after July 1, 2006, is "allowable service" only as provided by this chapter; or

8.4 ~~(11)~~ (8) a period of service before July 1, 2015, that was properly credited as
 8.5 allowable service by the Duluth Teachers Retirement Fund Association, and that was
 8.6 rendered by a teacher as an employee of Independent School District No. 709, Duluth, or
 8.7 by an employee of the Duluth Teachers Retirement Fund Association who was a member
 8.8 of the Duluth Teachers Retirement Fund Association by virtue of that employment, who
 8.9 has not begun receiving an annuity or other retirement benefit from the former Duluth
 8.10 Teachers Retirement Fund Association calculated in whole or in part on that service
 8.11 before July 1, 2015, and who has not taken a refund of member contributions related to
 8.12 that service unless the refund is repaid under section 354.50, subdivision 4. Service as an
 8.13 employee of Independent School District No. 709, Duluth, on or after July 1, 2015, is
 8.14 "allowable service" only as provided by this chapter.

8.15 Sec. 5. Minnesota Statutes 2014, section 354.05, subdivision 25, is amended to read:

8.16 Subd. 25. **Formula service credit.** "Formula service credit" means any allowable
 8.17 service credit as defined in subdivision 13 except:

8.18 ~~(1) Any service rendered prior to July 1, 1951, for which payments were made~~
 8.19 ~~pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as~~
 8.20 ~~determined by multiplying the number of years of service established in the records of the~~
 8.21 ~~Teachers Retirement Association as of July 1, 1961 by the ratio obtained between the total~~
 8.22 ~~amount paid and the maximum amount payable for those years;~~

8.23 ~~(2) Any service rendered prior to July 1, 1957 for which payments were made~~
 8.24 ~~pursuant to section 354.09, subdivision 4, as determined by multiplying the number of~~
 8.25 ~~years of service established in the records of the teachers retirement association by the~~
 8.26 ~~ratio obtained between the total amount paid and the maximum amount payable for those~~
 8.27 ~~years; or~~

8.28 ~~(3)~~ (1) any service rendered for which contributions were not made in full as
 8.29 determined by the ratio between the amounts of money credited to the teacher's account in
 8.30 a fiscal year and the retirement contribution payable for the fiscal year pursuant to under
 8.31 sections 354.092, 354.42 and 354.51; and

8.32 ~~(4)~~ (2) no period of service shall may be counted more than once for purposes
 8.33 of this subdivision.

8.34 Sec. 6. Minnesota Statutes 2014, section 354.52, subdivision 4c, is amended to read:

9.1 Subd. 4c. **MnSCU service credit reporting.** For all part-time service rendered ~~on or~~
 9.2 ~~after July 1, 2004~~, the service credit reporting requirement in subdivision 4b for all part-time
 9.3 employees of the Minnesota State Colleges and Universities system must be met by the
 9.4 Minnesota State Colleges and Universities system reporting to the association on or before
 9.5 July 31 of each year the final calculation of each part-time member's service credit for the
 9.6 immediately preceding fiscal year based on the employee's assignments for the fiscal year.

9.7 Sec. 7. **EFFECTIVE DATE.**

9.8 This article is effective July 1, 2015.

9.9 ARTICLE 2

9.10 OUTDATED POSTRETIREMENT ADJUSTMENT DATE REFERENCES

9.11 Section 1. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

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

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

9.20 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 9.21 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
 9.22 percent for each month that the person has been receiving an annuity or benefit must be
 9.23 applied, effective on January 1 following the calendar year in which the person has been
 9.24 retired for less than 12 months.

9.25 ~~(b) The increases provided by this subdivision commence on January 1, 2010.~~

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

9.29 Sec. 2. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

9.30 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 9.31 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 9.32 benefit, or survivor benefit recipients of the legislators retirement plans, including
 9.33 constitutional officers as specified in chapter 3A, the general state employees retirement

10.1 plan, the correctional state employees retirement plan, the unclassified state employees
10.2 retirement program, and the judges retirement plan are entitled to a postretirement
10.3 adjustment annually on January 1, as follows:

10.4 (1) a postretirement increase of two percent must be applied each year, effective
10.5 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
10.6 who has been receiving an annuity or a benefit for at least 18 full months before the
10.7 January 1 increase; and

10.8 (2) for each annuitant or benefit recipient who has been receiving an annuity or
10.9 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
10.10 percent for each month that the person has been receiving an annuity or benefit must be
10.11 applied, effective January 1, following the calendar year in which the person has been
10.12 retired for at least six months, but has been retired for less than 18 months.

10.13 (b) ~~The increases provided by this subdivision commence on January 1, 2011.~~

10.14 Increases under this subdivision for the general state employees retirement plan, the
10.15 correctional state employees retirement plan, or the judges retirement plan terminate on
10.16 December 31 of the calendar year in which two prior consecutive actuarial valuations
10.17 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
10.18 for actuarial work promulgated by the Legislative Commission on Pensions and
10.19 Retirement indicates that the market value of assets of the retirement plan equals or
10.20 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases
10.21 under subdivision 1 recommence after that date. Increases under this subdivision for
10.22 the legislators retirement plan or the elected state officers retirement plan terminate
10.23 on December 31 of the calendar year in which the actuarial valuation prepared by the
10.24 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
10.25 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
10.26 market value of assets of the general state employees retirement plan equals or exceeds
10.27 90 percent of the actuarial accrued liability of the retirement plan and increases under
10.28 subdivision 1 recommence after that date.

10.29 (c) An increase in annuity or benefit payments under this subdivision must be made
10.30 automatically unless written notice is filed by the annuitant or benefit recipient with the
10.31 executive director of the applicable covered retirement plan requesting that the increase
10.32 not be made.

10.33 Sec. 3. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

10.34 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

10.35 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers

11.1 Retirement Association are entitled to a postretirement adjustment annually on January
11.2 1, as follows:

11.3 ~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~

11.4 ~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is~~
11.5 restored, a postretirement increase of two percent must be applied each year, effective
11.6 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit
11.7 recipient who has been receiving an annuity or a benefit for at least 18 full months prior
11.8 to the January 1 increase;

11.9 ~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is~~
11.10 restored, for each annuitant or benefit recipient who has been receiving an annuity or a
11.11 benefit for at least six full months before the January 1 increase, an annual postretirement
11.12 increase of 1/12 of two percent for each month the person has been receiving an annuity or
11.13 benefit must be applied, effective January 1, for which the person has been retired for at
11.14 least six months but less than 18 months;

11.15 ~~(4) (3) for each January 1 following the restoration of funding stability, a~~
11.16 postretirement increase of 2.5 percent must be applied each year, effective January 1, to
11.17 the monthly annuity or benefit amount of each annuitant or benefit recipient who has
11.18 been receiving an annuity or a benefit for at least 18 full months prior to the January 1
11.19 increase; and

11.20 ~~(5) (4) for each January 1 following the restoration of funding stability, for each~~
11.21 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least
11.22 six full months before the January 1 increase, an annual postretirement increase of 1/12
11.23 of 2.5 percent for each month the person has been receiving an annuity or benefit must
11.24 be applied, effective January 1, for which the person has been retired for at least six
11.25 months but less than 18 months.

11.26 (b) Funding stability is restored when the market value of assets of the Teachers
11.27 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
11.28 of the Teachers Retirement Association in the two most recent prior actuarial valuations
11.29 prepared under section 356.215 and the standards for actuarial work by the approved
11.30 actuary retained by the Teachers Retirement Association under section 356.214.

11.31 (c) An increase in annuity or benefit payments under this section must be made
11.32 automatically unless written notice is filed by the annuitant or benefit recipient with the
11.33 executive director of the Teachers Retirement Association requesting that the increase
11.34 not be made.

11.35 (d) The retirement annuity payable to a person who retires before becoming eligible
11.36 for Social Security benefits and who has elected the optional payment as provided in

12.1 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
12.2 retirement annuity for the purposes of any postretirement adjustment. The period-certain
12.3 retirement annuity plus the life retirement annuity must be the annuity amount payable
12.4 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
12.5 annuity amount payable under section 354.35. A postretirement adjustment granted on
12.6 the period-certain retirement annuity must terminate when the period-certain retirement
12.7 annuity terminates.

12.8 Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

12.9 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

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

12.13 (1) a postretirement increase of one percent must be applied each year, effective on
12.14 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
12.15 has been receiving an annuity or a benefit for at least 18 full months before the January 1
12.16 increase; and

12.17 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
12.18 benefit for at least six full months, an annual postretirement increase of 1/12 of one percent
12.19 for each month that the person has been receiving an annuity or benefit must be applied,
12.20 effective January 1, following the calendar year in which the person has been retired for at
12.21 least six months, but has been retired for less than 18 months.

12.22 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~

12.23 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
12.24 31 of the calendar year in which two prior consecutive actuarial valuations prepared by
12.25 the approved actuary under sections 356.214 and 356.215 and the standards for actuarial
12.26 work promulgated by the Legislative Commission on Pensions and Retirement indicates
12.27 that the market value of assets of the retirement plan equals or exceeds 85 percent of
12.28 the actuarial accrued liability of the retirement plan and increases under paragraph (c)
12.29 recommence after that date.

12.30 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
12.31 Patrol retirement plan are entitled to a postretirement adjustment annually on January
12.32 1, as follows:

12.33 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
12.34 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who

13.1 has been receiving an annuity or a benefit for at least 18 full months before the January 1
13.2 increase; and

13.3 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
13.4 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent
13.5 for each month that the person has been receiving an annuity or benefit must be applied,
13.6 effective January 1, following the calendar year in which the person has been retired for at
13.7 least six months, but has been retired for less than 18 months.

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

13.15 (e) An increase in annuity or benefit payments under this subdivision must be made
13.16 automatically unless written notice is filed by the annuitant or benefit recipient with the
13.17 executive director of the applicable covered retirement plan requesting that the increase
13.18 not be made.

13.19 Sec. 5. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

13.20 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
13.21 **System judges retirement plan.** (a) The increases provided under this subdivision begin
13.22 ~~on January 1, 2014, and~~ are in lieu of increases under subdivision 1 or 1a for retirement
13.23 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

13.24 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
13.25 judges retirement plan are entitled to a postretirement adjustment annually on January
13.26 1, as follows:

13.27 (1) a postretirement increase of 1.75 percent must be applied each year, effective
13.28 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
13.29 who has been receiving an annuity or a benefit for at least 18 full months before the
13.30 January 1 increase; and

13.31 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
13.32 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75
13.33 percent for each month that the person has been receiving an annuity or benefit must be
13.34 applied, effective January 1, following the calendar year in which the person has been
13.35 retired for at least six months, but has been retired for less than 18 months.

14.1 (c) Increases under this subdivision terminate on December 31 of the calendar year
 14.2 in which two prior consecutive actuarial valuations prepared by the approved actuary
 14.3 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
 14.4 by the Legislative Commission on Pensions and Retirement indicates that the market
 14.5 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
 14.6 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
 14.7 applicable, begin on the January 1 next following that date.

14.8 (d) An increase in annuity or benefit payments under this subdivision must be made
 14.9 automatically unless written notice is filed by the annuitant or benefit recipient with the
 14.10 executive director of the applicable covered retirement plan requesting that the increase
 14.11 not be made.

14.12 **Sec. 6. EFFECTIVE DATE.**

14.13 This article is effective July 1, 2015.

14.14 **ARTICLE 3**

14.15 **OTHER OUTDATED PENSION DATE REFERENCES**

14.16 Section 1. Minnesota Statutes 2014, section 352.021, subdivision 1, is amended to read:

14.17 Subdivision 1. **Establishment.** (a) There is established the general state employees
 14.18 retirement plan of the Minnesota State Retirement System for state employees.

14.19 (b) The general state employees retirement plan is a continuation of the State
 14.20 Employees Retirement Association.

14.21 ~~(c) Any person who was a member of the State Employees Retirement Association~~
 14.22 ~~on June 30, 1967, is covered by the general state employees retirement plan and is entitled~~
 14.23 ~~to all benefits provided by the plan upon fulfilling the age, service, contribution, and~~
 14.24 ~~other requirements of this chapter.~~

14.25 Sec. 2. Minnesota Statutes 2014, section 352.029, subdivision 2, is amended to read:

14.26 Subd. 2. **Election.** A person described in subdivision 1 ~~shall be~~ is covered by
 14.27 the system if written election to be covered is delivered to the executive director ~~before~~
 14.28 ~~December 31, 1992,~~ within 90 days of being employed by the labor organization, or
 14.29 within 90 days of starting the first leave of absence with an exclusive bargaining agent,
 14.30 whichever is later.

14.31 Sec. 3. Minnesota Statutes 2014, section 352.75, subdivision 2, is amended to read:

15.1 Subd. 2. **New employees.** All persons first employed by the former Metropolitan
 15.2 ~~Transit Commission Council~~ Council as employees of the Transit Operating Division ~~on or after~~
 15.3 ~~July 1, 1978~~; are members of the general state employees retirement plan of the Minnesota
 15.4 State Retirement System and are considered state employees for purposes of this chapter
 15.5 unless specifically excluded under section 352.01, subdivision 2b.

15.6 Sec. 4. Minnesota Statutes 2014, section 352.87, subdivision 8, is amended to read:

15.7 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the
 15.8 Department of Public Safety described in subdivision 1 who is employed in a position
 15.9 described in that subdivision ~~on or after July 1, 1999~~, must file a notice with the executive
 15.10 director of the Minnesota State Retirement System on a form prescribed by the executive
 15.11 director stating whether or not the employee elects to be covered by this section. Notice
 15.12 must be filed ~~by September 1, 1999, or~~ within 90 days of employment, ~~whichever is later.~~
 15.13 Elections are irrevocable during any period of covered employment. A failure to file a
 15.14 timely notice ~~shall be~~ is deemed a waiver of coverage by this section.

15.15 Sec. 5. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

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

15.22 (b) Governmental subdivision also means the Public Employees Retirement
 15.23 Association, the League of Minnesota Cities, the Association of Metropolitan
 15.24 Municipalities, charter schools formed under section 124D.10, service cooperatives
 15.25 exercising retirement plan participation under section 123A.21, subdivision 5, joint
 15.26 powers boards organized under section 471.59, subdivision 11, paragraph (a), family
 15.27 service collaboratives and children's mental health collaboratives organized under
 15.28 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating
 15.29 the collaboratives are governmental units that otherwise qualify for retirement plan
 15.30 membership, public hospitals owned or operated by, or an integral part of, a governmental
 15.31 subdivision or governmental subdivisions, the Association of Minnesota Counties, the
 15.32 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the
 15.33 Metropolitan Airports Commission, the University of Minnesota with respect to police
 15.34 officers covered by the public employees police and fire retirement plan, ~~the Minneapolis~~

16.1 ~~Employees Retirement Fund for employment initially commenced after June 30, 1979, the~~
 16.2 Range Association of Municipalities and Schools, soil and water conservation districts,
 16.3 economic development authorities created or operating under sections 469.090 to 469.108,
 16.4 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red
 16.5 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake
 16.6 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning
 16.7 Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

16.8 (c) Governmental subdivision does not mean any municipal housing and
 16.9 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
 16.10 or any port authority organized under sections 469.048 to 469.089 other than the Port
 16.11 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
 16.12 the Red Wing Port Authority; or any hospital district organized or reorganized ~~prior to~~
 16.13 before July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the
 16.14 board of a family service collaborative or children's mental health collaborative organized
 16.15 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
 16.16 by representatives of governmental units.

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

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

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

16.30 Sec. 6. Minnesota Statutes 2014, section 353.017, subdivision 2, is amended to read:

16.31 Subd. 2. **Election.** A person described in subdivision 1 is covered by the association
 16.32 if a written election to be covered is delivered to the association within six months of
 16.33 employment by the labor organization ~~or within six months after July 1, 1993, whichever~~
 16.34 ~~is applicable.~~

17.1 Sec. 7. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

17.2 Subd. 2. **Rights of deferred annuitant.** The entitlement of a deferred annuitant or
17.3 other former member of the general employees retirement plan of the Public Employees
17.4 Retirement Association, the Minneapolis Employees Retirement Fund division, the
17.5 public employees police and fire retirement plan, or the local government correctional
17.6 employees retirement plan to receive an annuity under the law in effect at the time the
17.7 person terminated public service is ~~herein~~ preserved. ~~The provisions of section 353.71,~~
17.8 ~~subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or~~
17.9 ~~other former member who first begins receiving an annuity after July 1, 1973.~~

17.10 Sec. 8. Minnesota Statutes 2014, section 353.64, subdivision 7a, is amended to read:

17.11 Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A
17.12 person who is employed as a police officer ~~on or after the first day of the first payroll~~
17.13 ~~period after July 1, 1993,~~ by the Metropolitan Council and who is not eligible for coverage
17.14 under the agreement with the Secretary of the federal Department of Health and Human
17.15 Services making the provisions of the federal Old Age, Survivors, and Disability Insurance
17.16 Act because the person's position is excluded from application under United States Code,
17.17 sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the
17.18 public employees police and fire fund and is considered to be a police officer within the
17.19 meaning of this section. The Metropolitan Council shall deduct the employee contribution
17.20 from the salary of each police officer as required by section 353.65, subdivision 2, shall
17.21 make the employer contribution for each police officer as required by section 353.65,
17.22 subdivision 3, and shall meet the employer recording and reporting requirements in
17.23 section 353.65, subdivision 4.

17.24 Sec. 9. Minnesota Statutes 2014, section 353.64, subdivision 8, is amended to read:

17.25 Subd. 8. **Pension coverage for certain state military affairs department**
17.26 **firefighters.** A person who is employed as a full-time firefighter ~~on or after the first day~~
17.27 ~~of the first payroll period after June 10, 1987,~~ by the Department of Military Affairs
17.28 of the state of Minnesota and who is not eligible for coverage under the agreement
17.29 signed between the state and the secretary of the federal Department of Health and
17.30 Human Services making the provisions of the federal Old Age, Survivors, and Disability
17.31 Insurance Act applicable to state employees because the person's position is excluded from
17.32 application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and
17.33 section 355.07, is a member of the public employees police and fire fund and is considered
17.34 to be a firefighter within the meaning of this section. The state Department of Military

18.1 Affairs shall make the employee contribution deduction from the salary of each full-time
 18.2 Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall
 18.3 make the employer contribution with respect to each firefighter as required by section
 18.4 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
 18.5 in section 353.65, subdivision 4.

18.6 Sec. 10. Minnesota Statutes 2014, section 353.64, subdivision 9, is amended to read:

18.7 Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a)

18.8 A former member of the association who is an employee of the Minnesota Sheriffs'
 18.9 Association may elect to be a police and fire fund member with respect to service with
 18.10 the sheriffs' association, if written election to be covered is delivered to the board within
 18.11 60 days after ~~July 1, 1989, or within 60 days after~~ the commencement of employment;
 18.12 ~~whichever is later.~~

18.13 (b) Employee and employer contributions for past service are the obligation of
 18.14 the employee, except that the Minnesota sheriffs' association may pay the employer
 18.15 contributions. The employer shall, in any event, deduct necessary future contributions
 18.16 from the employee's salary and remit all contributions to the association as required by
 18.17 this chapter.

18.18 (c) Persons who become association members under this section ~~shall~~ are not ~~be~~
 18.19 eligible for election to the board of trustees.

18.20 Sec. 11. Minnesota Statutes 2014, section 353.64, subdivision 10, is amended to read:

18.21 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics**
 18.22 **and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc.
 18.23 ~~who is a member of the public employees police and fire retirement plan under sections~~
 18.24 353.63 to 353.68 if the person is:

18.25 (1) certified as a paramedic or emergency medical technician by the state under
 18.26 section 144E.28, subdivision 4;

18.27 (2) employed full time as a paramedic or emergency medical technician by Hennepin
 18.28 County ~~on or after the effective date specified in Laws 1994, chapter 499, section 2; and~~

18.29 (3) not eligible ~~after the effective date under Laws 1994, chapter 499, section 2, for~~
 18.30 coverage under the agreement signed between the state and the secretary of the federal
 18.31 Department of Health and Human Services making the provisions of the federal Old Age,
 18.32 Survivors, and Disability Insurance Act applicable to paramedics and emergency medical
 18.33 technicians because the person's position is excluded after that date from application under
 18.34 United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07;

19.1 ~~is a member of the public employees police and fire fund under sections 353.63 to 353.68.~~

19.2 Hennepin Healthcare System, Inc. shall deduct the employee contribution from
19.3 the salary of each full-time paramedic and emergency medical technician it employs as
19.4 required by section 353.65, subdivision 2, shall make the employer contribution for each
19.5 full-time paramedic and emergency medical technician it employs as required by section
19.6 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
19.7 in section 353.65, subdivision 4.

19.8 Sec. 12. Minnesota Statutes 2014, section 353D.071, subdivision 2, is amended to read:

19.9 Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision
19.10 ~~shall~~ apply for purposes of determining required minimum distributions for calendar years
19.11 ~~beginning with the 2003 calendar year and will~~ must take precedence over any inconsistent
19.12 provisions of the plan. All distributions required under this section ~~will~~ must be determined
19.13 and made in accordance with the treasury regulations under section 401(a)(9) of the
19.14 Internal Revenue Code, including regulations providing special rules for governmental
19.15 plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a
19.16 reasonable good faith interpretation of the minimum distribution requirements.

19.17 (b) The member's entire interest ~~will~~ must be distributed to the member in a lump
19.18 sum no later than the member's required beginning date.

19.19 (c) If the member dies before the required minimum distribution is made, the
19.20 member's entire interest ~~will~~ must be distributed in a lump sum no later than as follows:

19.21 (1) if the member's surviving spouse is the member's sole designated beneficiary, the
19.22 distribution must be made by December 31 of the calendar year immediately following the
19.23 calendar year in which the member died, or by December 31 of the calendar year in which
19.24 the member would have attained age 70 years, six months, whichever is later;

19.25 (2) if the member's surviving spouse is not the member's sole beneficiary, or if there
19.26 is no designated beneficiary as of September 30 of the year following the year of the
19.27 member's death, the member's entire interest ~~shall~~ must be distributed by December 31
19.28 of the calendar year containing the fifth anniversary of the member's death as directed
19.29 under section 353D.07, subdivision 5; or

19.30 (3) if the member's surviving spouse is the member's sole designated beneficiary and
19.31 the surviving spouse dies after the member, but before the account balance is distributed
19.32 to the surviving spouse, paragraph (c), clause (2), ~~shall~~ must apply as if the surviving
19.33 spouse were the member.

19.34 (d) For purposes of paragraph (c), unless clause (3) applies, distributions are
19.35 considered to be made on the member's required beginning date. If paragraph (c), clause

20.1 (3), applies, distributions are considered to begin on the date distributions ~~are required to~~
20.2 must be made to the surviving spouse under paragraph (c), clause (1).

20.3 Sec. 13. Minnesota Statutes 2014, section 354.07, subdivision 5, is amended to read:

20.4 Subd. 5. **Records; accounts; interest.** (a) The board shall keep a record of the
20.5 receipts and disbursements of the fund and a separate account ~~with~~ for each member of
20.6 the association. The board shall also keep separate accounts for annuity payments, for
20.7 employer contributions and all other necessary accounts and reserves.

20.8 (b) It shall determine annually the annual interest earnings of the fund which shall
20.9 include realized capital gains and losses. ~~Any amount in the capital reserve account on~~
20.10 ~~July 1, 1973, shall be transferred to the employer contribution's account.~~

20.11 (c) The annual interest earnings shall must be apportioned and credited to the
20.12 separate members' accounts except those covered under the provisions of section 354.44,
20.13 subdivision 6. The rate to be used in this distribution, computed to the last full quarter
20.14 percent ~~shall~~, must be determined by dividing the interest earnings by the total invested
20.15 assets of the fund. The excess of the annual interest earnings in the excess earnings reserve
20.16 which was not credited to the various accounts shall must be credited to the gross interest
20.17 earnings for the next succeeding year.

20.18 Sec. 14. Minnesota Statutes 2014, section 354.092, subdivision 4, is amended to read:

20.19 Subd. 4. **Service credit.** A member may not receive more than three years of
20.20 allowable service credit in any ten consecutive years under this section ~~unless the~~
20.21 ~~allowable service credit was paid for by the member before July 1, 1962.~~ Notwithstanding
20.22 the provisions of any agreements to the contrary, employee and employer contributions
20.23 may not be made to receive allowable service credit under this section if the member does
20.24 not retain the right to full reinstatement both during and at the end of the sabbatical leave.

20.25 Sec. 15. Minnesota Statutes 2014, section 354.42, subdivision 1a, is amended to read:

20.26 Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement
20.27 Association and the state treasury is created a special retirement fund, which must include
20.28 all the assets of the Teachers Retirement Association and all revenue of the association.
20.29 ~~The fund is the continuation of the fund established under Laws 1931, chapter 406, section~~
20.30 ~~2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1,~~
20.31 ~~by Laws 1974, chapter 289, section 59.~~

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

21.1 (c) From the teachers retirement fund is appropriated the payments of annuities
 21.2 and benefits authorized by this chapter and the reasonable and necessary expenses of
 21.3 administering the fund and the association.

21.4 Sec. 16. Minnesota Statutes 2014, section 354.45, subdivision 1a, is amended to read:

21.5 Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a
 21.6 joint and survivor annuity option under subdivision 1, the former member or disabilitant
 21.7 must receive a normal single life annuity if the designated optional annuity beneficiary
 21.8 dies before the former member or disabilitant. Under this option, no reduction may be
 21.9 made in the person's annuity to provide for restoration of the normal single life annuity in
 21.10 the event of the death of the designated optional annuity beneficiary.

21.11 (b) The restoration of the normal single life annuity under this subdivision will take
 21.12 effect on ~~July 1, 1989,~~ or the first of the month following the date of death of the designated
 21.13 optional annuity beneficiary, or on the first of the month following one year before the date
 21.14 on which a certified copy of the death record of the designated optional annuity beneficiary
 21.15 is received in the office of the Teachers Retirement Association, whichever date is later.

21.16 (c) Except as stated in paragraph (b), this subdivision may not be interpreted as
 21.17 authorizing retroactive benefit payments.

21.18 Sec. 17. Minnesota Statutes 2014, section 354.48, subdivision 3, is amended to read:

21.19 Subd. 3. **Computation of benefits.** ~~(a) The amount of the disability benefit granted~~
 21.20 ~~to members covered under section 354.44, subdivision 2, paragraphs (b) and (c), is an~~
 21.21 ~~amount equal to double the annuity which could be purchased by the member's accumulated~~
 21.22 ~~deductions plus interest on the amount computed as though the teacher were at normal~~
 21.23 ~~retirement age at the time the benefit begins to accrue and in accordance with the law in~~
 21.24 ~~effect on the last day for which salary is received. Any member who applies for a disability~~
 21.25 ~~benefit after June 30, 1974, and who failed to make an election under Minnesota Statutes~~
 21.26 ~~1971, section 354.145, shall have the disability benefit computed under this paragraph, as~~
 21.27 ~~further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger.~~

21.28 (b) ~~The benefit granted shall be determined by the following:~~

21.29 (1) ~~the amount of the accumulated deductions;~~

21.30 (2) ~~interest actually earned on these accumulated deductions to the date the benefit~~
 21.31 ~~begins to accrue;~~

21.32 (3) ~~interest for the years from the date the benefit begins to accrue to the date the~~
 21.33 ~~member attains normal retirement age at the rate of three percent;~~

22.1 ~~(4) annuity purchase rates based on an appropriate annuity table of mortality~~
 22.2 ~~established by the board as provided in section 354.07, subdivision 1, and using~~
 22.3 ~~the applicable postretirement interest rate assumption specified in section 356.215,~~
 22.4 ~~subdivision 8.~~

22.5 ~~(e) In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year~~
 22.6 ~~anniversary of the effective date of the disability benefit, whichever is later, must be~~
 22.7 ~~paid to basic members.~~

22.8 ~~(d) (a) The disability benefit granted to members covered under section 354.44,~~
 22.9 ~~subdivision 6, shall must be computed in the same manner as the annuity provided in~~
 22.10 ~~section 354.44, subdivision 6. The disability benefit shall be is the formula annuity without~~
 22.11 ~~the reduction for each month the member is under normal retirement age when the benefit~~
 22.12 ~~begins to accrue as defined by the law in effect on the last day for which salary is paid.~~

22.13 ~~(e) (b) For the purposes of computing a retirement annuity when the member~~
 22.14 ~~becomes eligible, the amounts paid for disability benefits shall must not be deducted from~~
 22.15 ~~the individual member's accumulated deductions. If the disability benefits provided in~~
 22.16 ~~this subdivision exceed the monthly average salary of the disabled member, the disability~~
 22.17 ~~benefits shall must be reduced to an amount equal to the disabled member's average salary.~~

22.18 Sec. 18. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

22.19 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
 22.20 event that full required member contributions are not deducted from the salary of a
 22.21 teacher, payment ~~must be made as follows:~~

22.22 ~~(1) Payment of shortages in member deductions on salary earned after June 30,~~
 22.23 ~~1957, and before July 1, 1981, may be made any time before retirement. Payment must~~
 22.24 ~~include interest at an annual rate of 8.5 percent compounded annually from the end of the~~
 22.25 ~~fiscal year in which the shortage occurred to the end of the month in which payment is~~
 22.26 ~~made and the interest must be credited to the fund. If payment of a shortage in deductions~~
 22.27 ~~is not made, the formula service credit of the member must be prorated under section~~
 22.28 ~~354.05, subdivision 25, clause (3).~~

22.29 ~~(2) Payment of shortages in member deductions on salary earned after June 30, 1981,~~
 22.30 ~~are the sole obligation of the employing unit and are payable by the employing unit upon~~
 22.31 ~~notification by the executive director of the shortage with interest at an annual rate of 8.5~~
 22.32 ~~percent compounded annually from the end of the fiscal year in which the shortage occurred~~
 22.33 ~~to the end of the month in which payment is made and the interest must be credited to the~~
 22.34 ~~fund. Effective July 1, 1986, The employing unit shall also pay the employer contributions~~
 22.35 ~~as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage~~

23.1 payment is not paid by the employing unit within 60 days of notification, and if the
 23.2 executive director does not use the recovery procedure in section 354.512, the executive
 23.3 director shall certify the amount of the shortage to the applicable county auditor, who shall
 23.4 spread a levy in the amount of the shortage payment over the taxable property of the
 23.5 taxing district of the employing unit if the employing unit is supported by property taxes.

23.6 ~~(3) Payment may not be made for shortages in member deductions on salary earned~~
 23.7 ~~before July 1, 1957,~~ for shortages in member deductions on salary paid or payable under
 23.8 paragraph (b); or for shortages in member deductions for persons employed by the
 23.9 Minnesota State Colleges and Universities system in a faculty position or in an eligible
 23.10 unclassified administrative position and whose employment was less than 25 percent
 23.11 of a full academic year, exclusive of the summer session, for the applicable institution
 23.12 that exceeds the most recent 36 months.

23.13 (b) For a person who is employed by the Minnesota State Colleges and Universities
 23.14 system in a faculty position or in an eligible unclassified administrative position and
 23.15 whose employment was less than 25 percent of a full academic year, exclusive of the
 23.16 summer session, for the applicable institution, upon the person's election under section
 23.17 354B.21 of retirement coverage under this chapter, the shortage in member deductions
 23.18 on the salary for employment by the Minnesota State Colleges and Universities system
 23.19 institution of less than 25 percent of a full academic year, exclusive of the summer session,
 23.20 for the applicable institution for the most recent 36 months and the associated employer
 23.21 contributions must be paid by the Minnesota State Colleges and Universities system
 23.22 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
 23.23 fiscal year in which the shortage occurred to the end of the month in which the Teachers
 23.24 Retirement Association coverage election is made. An individual electing coverage
 23.25 under this paragraph shall repay the amount of the shortage in member deductions, plus
 23.26 interest, through deduction from salary or compensation payments within the first year of
 23.27 employment after the election under section 354B.21, subject to the limitations in section
 23.28 16D.16. The Minnesota State Colleges and Universities system may use any means
 23.29 available to recover amounts which were not recovered through deductions from salary or
 23.30 compensation payments. No payment of the shortage in member deductions under this
 23.31 paragraph may be made for a period longer than the most recent 36 months.

23.32 Sec. 19. Minnesota Statutes 2014, section 354.55, subdivision 10, is amended to read:

23.33 Subd. 10. **Reduced benefits.** Any benefit to which any person may be entitled
 23.34 under this chapter may be reduced in amount upon application of the person entitled
 23.35 thereto to the ~~board of trustees, provided that such~~ executive director if the person shall

24.1 ~~first relinquish~~ relinquishes in writing all claim to that part of the full benefit which is the
 24.2 difference between the benefit which the person would be otherwise entitled to receive
 24.3 and the benefit which the person will receive after the benefit reduction. The reduced
 24.4 benefit ~~shall be~~ is payment in full of all amounts due under this chapter for the month for
 24.5 which the payment is made and acceptance of the reduced benefit releases the retirement
 24.6 association from all obligation to pay to ~~such~~ the person the difference between the amount
 24.7 of the reduced benefit and the full amount of the benefit which ~~such~~ the person would
 24.8 otherwise have received. ~~After July 1, 1971,~~ Any benefit reduced under the provisions of
 24.9 this subdivision may not again be restored.

24.10 Sec. 20. Minnesota Statutes 2014, section 354A.092, is amended to read:

24.11 **354A.092 SABBATICAL LEAVE.**

24.12 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 24.13 Association who is granted a sabbatical leave is entitled to receive allowable service credit
 24.14 in the association for periods of sabbatical leave. To obtain the service credit, the teacher
 24.15 on sabbatical leave shall make an employee contribution to the association. No teacher is
 24.16 entitled to receive more than three years of allowable service credit under this section for
 24.17 a period or periods of sabbatical leave during any ten consecutive years. If the teacher
 24.18 granted a sabbatical leave makes the employee contribution for a period of sabbatical
 24.19 leave under this section, the employing unit shall make an employer contribution on
 24.20 behalf of the teacher to the association for that period of sabbatical leave in the manner
 24.21 described in section 354A.12, subdivision 2a. The employee and employer contributions
 24.22 must be in an amount equal to the employee and employer contribution rates in effect for
 24.23 other active members of the association covered by the same program applied to a salary
 24.24 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 24.25 the sabbatical leave period. Payment of the employee contribution authorized under this
 24.26 section must be made by the teacher on or before June 30 of the year next following
 24.27 the year in which the sabbatical leave terminated and must be made without interest.
 24.28 ~~For sabbatical leaves taken after June 30, 1986,~~ The required employer contributions
 24.29 must be paid by the employing unit within 30 days after notification by the association
 24.30 of the amount due. If the employee contributions for the sabbatical leave period are
 24.31 less than an amount equal to the applicable contribution rate applied to a salary figure
 24.32 equal to the teacher's actual covered salary for the plan year immediately preceding the
 24.33 sabbatical leave period, service credit must be prorated. The prorated service credit must
 24.34 be determined by the ratio between the amount of the actual payment which was made and
 24.35 the full contribution amount payable under this section.

25.1 Sec. 21. Minnesota Statutes 2014, section 354A.42, is amended to read:

25.2 **354A.42 ST. PAUL TEACHER INCREASE LIMIT.**

25.3 Notwithstanding any law to the contrary, the St. Paul Teachers Retirement Fund
25.4 Association may not pay a postretirement adjustment of more than five percent in any
25.5 year, ~~effective July 1, 2010.~~

25.6 Sec. 22. Minnesota Statutes 2014, section 356.215, subdivision 18, is amended to read:

25.7 Subd. 18. **Establishment of actuarial assumptions.** ~~(a) Before July 2, 2010, the~~
25.8 ~~actuarial assumptions used for the preparation of actuarial valuations under this section~~
25.9 ~~that are other than preretirement interest, postretirement interest, salary increase, and~~
25.10 ~~payroll increase may be changed only with the approval of the Legislative Commission on~~
25.11 ~~Pensions and Retirement or after a period of one year has elapsed since the date on which~~
25.12 ~~the proposed assumption change or changes were received by the Legislative Commission~~
25.13 ~~on Pensions and Retirement without commission action.~~

25.14 ~~(b) After July 1, 2010, (a)~~ The actuarial assumptions used for the preparation
25.15 of actuarial valuations under this section that are other than ~~postretirement interest and~~
25.16 ~~preretirement~~ the interest rate may be changed only with the approval of the Legislative
25.17 Commission on Pensions and Retirement or as of the last day of the legislative session
25.18 next occurring after a period of one year has elapsed since the date on which the proposed
25.19 assumption change or changes were received by the Legislative Commission on Pensions
25.20 and Retirement without commission action.

25.21 ~~(e)~~ (b) A change in the applicable actuarial assumptions may be proposed by the
25.22 governing board of the applicable pension fund or relief association, by ~~the~~ an actuary
25.23 ~~retained by the joint retirement systems~~ under section 356.214 or by the actuary retained
25.24 by a local ~~police or firefighters~~ relief association governed by sections 424A.091 to
25.25 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

25.26 Sec. 23. Minnesota Statutes 2014, section 356.40, is amended to read:

25.27 **356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.**

25.28 (a) Notwithstanding any law to the contrary, all annuities and benefits payable ~~on~~
25.29 ~~and after December 1, 1977~~ by a covered retirement fund, as defined in section 356.30,
25.30 subdivision 3, must be paid in advance for each month during the first week of that month.
25.31 ~~The bylaws of local retirement funds must be amended accordingly.~~

25.32 (b) In no event, however, may this section authorize the payment of both a retirement
25.33 annuity and a surviving spouse's benefit in one month where the law governing the

26.1 applicable retirement fund provides for the payment of the retired member's retirement
 26.2 annuity to the surviving spouse for the month in which the retired member dies.

26.3 Sec. 24. Minnesota Statutes 2014, section 356.405, is amended to read:

26.4 **356.405 COMBINED PAYMENT OF RETIREMENT ANNUITIES.**

26.5 (a) The Public Employees Retirement Association and the Minnesota State
 26.6 Retirement System are permitted to combine payments from the retirement plans that the
 26.7 retirement systems administer to retirees if one of the payments is less than \$250 per month
 26.8 and if the individual either elects the same joint and survivor annuity form from both
 26.9 systems, or if the individual elects ~~straight~~ single life annuities from both systems. The total
 26.10 payment must be equal to the total amount that is payable if payments were kept separate.

26.11 (b) Each plan must calculate the benefit amounts under the laws governing the
 26.12 plan and the calculated required reserves must be ~~paid~~ transferred to the plan making the
 26.13 combined payment from the plan where the service was earned.

26.14 (c) The plan making the payment ~~would be~~ is responsible for issuing one payment
 26.15 and making address changes, tax withholding changes, and other administrative functions
 26.16 needed to process the payment.

26.17 Sec. 25. Minnesota Statutes 2014, section 356.407, subdivision 1, is amended to read:

26.18 Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any
 26.19 provision to the contrary of the laws governing any of the retirement plans enumerated
 26.20 in subdivision 2, any person who was receiving a surviving spouse's benefit from any of
 26.21 those plans and whose benefit terminated solely because of remarriage is, if the remarriage
 26.22 terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit;
 26.23 provided, however, that the person is not entitled to retroactive payments for the period of
 26.24 remarriage. The benefit resumes at the level which the person would have been receiving
 26.25 if there had been no remarriage. ~~This section applies prospectively to any person who first~~
 26.26 ~~becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and~~
 26.27 ~~also applies retroactively to any person who first became entitled to receive a surviving~~
 26.28 ~~spouse's benefit before May 18, 1975; provided, however, that no person is entitled to~~
 26.29 ~~retroactive payments for any period of time before May 18, 1975.~~

26.30 Sec. 26. Minnesota Statutes 2014, section 356.431, is amended to read:

26.31 **356.431 CONVERSION OF LUMP-SUM POSTRETIREMENT AND**
 26.32 **SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.**

27.1 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
 27.2 ~~after December 31, 2001,~~ to eligible persons under Minnesota Statutes 2014, section
 27.3 356.42, the amount of the most recent lump-sum benefit payable to an eligible recipient
 27.4 under Minnesota Statutes 2014, section 356.42 must be divided by 12. The result must be
 27.5 added to the monthly annuity or benefit otherwise payable to an eligible recipient, must
 27.6 become a permanent part of the benefit recipient's pension, and must be included in any
 27.7 pension benefit subject to future ~~increases~~ postretirement adjustments.

27.8 Sec. 27. Minnesota Statutes 2014, section 356.62, is amended to read:

27.9 **356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.**

27.10 (a) For purposes of any public pension plan, as defined in section 356.63, paragraph
 27.11 (b), each employer shall pick up the employee contributions required ~~pursuant to~~ under
 27.12 law or under the pension plan document for all salary ~~payable after December 31, 1982.~~
 27.13 ~~If the United States Treasury Department rules that under section 414(h) of the Internal~~
 27.14 ~~Revenue Code of 1986, as amended through December 31, 1992, that~~ These picked up
 27.15 contributions are not includable in the employee's adjusted gross income until they are
 27.16 distributed or made available, then these picked up contributions must be treated as
 27.17 employer contributions in determining tax treatment under the Internal Revenue Code
 27.18 of 1986, ~~as amended through December 31, 1992,~~ and the employer shall discontinue
 27.19 withholding federal income taxes on the amount of these contributions. The employer
 27.20 shall pay these picked up contributions from the same source of funds as is used to pay the
 27.21 salary of the employee. The employer shall pick up these employee contributions by a
 27.22 reduction in the cash salary of the employee.

27.23 (b) Employee contributions that are picked up must be treated for all purposes of the
 27.24 public pension plan in the same manner and to the same extent as employee contributions
 27.25 that were made ~~prior to~~ before the date on which the employee contributions pick up
 27.26 began. The amount of the employee contributions that are picked up must be included
 27.27 in the salary upon which retirement coverage is credited and upon which retirement and
 27.28 survivor's benefits are determined. For purposes of this section, "employee" means
 27.29 any person covered by a public pension plan. For purposes of this section, "employee
 27.30 contributions" include any sums deducted from the employee's salary or wages or
 27.31 otherwise paid in lieu thereof, regardless of whether they are denominated contributions
 27.32 by the public pension plan.

27.33 (c) ~~For any calendar year in which withholding has been reduced under this section,~~
 27.34 The employing unit shall supply each employee and the commissioner of revenue with an
 27.35 information return indicating the amount of the employer's picked-up contributions for the

28.1 calendar year that were not subject to withholding. This return must be provided to the
28.2 employee not later than January 31 of the succeeding calendar year. The commissioner of
28.3 revenue shall prescribe the form of the return and the provisions of section 289A.12 must
28.4 apply to the extent not inconsistent with the provisions of this section.

28.5 Sec. 28. Minnesota Statutes 2014, section 423A.02, subdivision 1b, is amended to read:

28.6 Subd. 1b. **Additional amortization state aid.** (a) ~~Beginning October 1, 2013,~~
28.7 ~~and~~ Annually thereafter, the commissioner shall allocate the additional amortization
28.8 state aid, if any, including any state aid in excess of the limitation in subdivision 4, on
28.9 the following basis:

28.10 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated
28.11 with police and firefighter retirement coverage;

28.12 (2) 25.8 percent as additional funding to support the minimum fire state aid for
28.13 volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

28.14 (3) 12.9 percent to the city of Duluth to defray employer costs associated with
28.15 police and firefighter retirement coverage;

28.16 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the
28.17 investment performance requirement of paragraph (c) is met; and

28.18 (5) 1.3 percent to the city of Virginia to defray the employer contribution under
28.19 section 353.665, subdivision 8, paragraph (d).

28.20 If there is no additional employer contribution under section 353.665, subdivision
28.21 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect
28.22 to the former Minneapolis Police Relief Association and the former Minneapolis Fire
28.23 Department Relief Association, the commissioner shall allocate that 47.1 percent of the
28.24 aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St.
28.25 Paul Teachers Retirement Fund Association, and 30 percent as additional funding to
28.26 support minimum fire state aid for volunteer firefighters relief associations under section
28.27 69.021, subdivision 7, paragraph (d). If there is no employer contribution by the city of
28.28 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire
28.29 Department Relief Association certified on or before June 30 by the executive director of
28.30 the Public Employees Retirement Association, the commissioner shall allocate that 1.3
28.31 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21
28.32 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional
28.33 funding to support minimum fire state aid for volunteer firefighters relief associations
28.34 under section 69.021, subdivision 7, paragraph (d).

29.1 (b) The allocation must be made by the commissioner of revenue on October 1
29.2 annually.

29.3 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if
29.4 the teacher's association five-year average time-weighted rate of investment return does
29.5 not equal or exceed the performance of a composite portfolio assumed passively managed
29.6 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
29.7 securities, and 30 percent in domestic stock calculated using the formula under section
29.8 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases
29.9 until the five-year annual rate of investment return equals or exceeds the performance of
29.10 that composite portfolio.

29.11 (d) The amounts required under this subdivision are the amounts annually
29.12 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
29.13 paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

29.14 Sec. 29. Minnesota Statutes 2014, section 424A.001, subdivision 10, is amended to
29.15 read:

29.16 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

29.17 ~~(1) was a member of the applicable fire department or the independent nonprofit~~
29.18 ~~firefighting corporation and a member of the relief association on July 1, 2006; or~~

29.19 ~~(2) became~~ is a member of the applicable fire department or the independent
29.20 nonprofit firefighting corporation and is eligible for membership in the applicable relief
29.21 association ~~after June 30, 2006~~, and:

29.22 (i) is engaged in providing emergency response services or delivering fire education
29.23 or prevention services as a member of a municipal fire department, a joint powers entity
29.24 fire department, or an independent nonprofit firefighting corporation;

29.25 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
29.26 prevention duties under subdivision 8; and

29.27 (iii) meets any other minimum firefighter and service standards established by the
29.28 fire department or the independent nonprofit firefighting corporation or specified in the
29.29 articles of incorporation or bylaws of the relief association.

29.30 Sec. 30. **EFFECTIVE DATE.**

29.31 This article is effective July 1, 2015.

30.1 **ARTICLE 4**

30.2 **APPROVED ACTUARY DEFINITION CONFORMITY**

30.3 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 15, is amended to read:

30.4 Subd. 15. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is
 30.5 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~
 30.6 ~~public employee funds, or any firm retaining an approved actuary on its staff~~ meets the
 30.7 definition in section 356.215, subdivision 1, paragraph (c).

30.8 Sec. 2. Minnesota Statutes 2014, section 353.01, subdivision 17, is amended to read:

30.9 Subd. 17. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is a
 30.10 ~~fellow of the society of actuaries or who has at least 15 years of service to major public~~
 30.11 ~~employee funds or any firm retaining such an actuary on its staff~~ meets the definition in
 30.12 section 356.215, subdivision 1, paragraph (c).

30.13 Sec. 3. Minnesota Statutes 2014, section 354.05, subdivision 10, is amended to read:

30.14 Subd. 10. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who
 30.15 ~~is either a fellow of the society of actuaries or who has at least 15 years of service to~~
 30.16 ~~major public employee funds or any firm retaining such an actuary on its staff~~ meets the
 30.17 definition in section 356.215, subdivision 1, paragraph (c).

30.18 Sec. 4. Minnesota Statutes 2014, section 354A.011, subdivision 6, is amended to read:

30.19 Subd. 6. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is
 30.20 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~
 30.21 ~~public employee retirement funds or any firm which retains such an actuary on its staff~~
 30.22 meets the definition in section 356.215, subdivision 1, paragraph (c).

30.23 Sec. 5. Minnesota Statutes 2014, section 356.215, subdivision 1, is amended to read:

30.24 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
 30.25 356.23, each of the terms in the following paragraphs has the meaning given.

30.26 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
 30.27 under section 356.214 if so required under section 3.85, or otherwise, by an approved
 30.28 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
 30.29 plan, according to the entry age actuarial cost method and based upon stated assumptions
 30.30 including, but not limited to rates of interest, mortality, salary increase, disability,
 30.31 withdrawal, and retirement and to determine the payment necessary to amortize over a

31.1 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
31.2 valuation of the benefit plan.

31.3 (c) "Approved actuary" means:

31.4 (1) a person who is regularly engaged in the business of providing actuarial services
31.5 and who is a fellow in the Society of Actuaries; or

31.6 (2) a firm that retains a person described in clause (1) on its staff.

31.7 (d) "Entry age actuarial cost method" means an actuarial cost method under which
31.8 the actuarial present value of the projected benefits of each individual currently covered
31.9 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
31.10 the service of the individual, if the benefit plan is governed by section 424A.093, or over
31.11 the earnings of the individual, if the benefit plan is governed by any other law, between the
31.12 entry age and the assumed exit age, with the portion of the actuarial present value which is
31.13 allocated to the valuation year to be the normal cost and the portion of the actuarial present
31.14 value not provided for at the valuation date by the actuarial present value of future normal
31.15 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
31.16 the sum of the calculated result for each covered individual and with recognition given to
31.17 any different benefit formulas which may apply to various periods of service.

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

31.21 (f) "Actuarial value of assets" means the market value of all assets as of the
31.22 preceding June 30, reduced by:

31.23 (1) 20 percent of the difference between the actual net change in the market value
31.24 of total assets between the June 30 that occurred three years earlier and the June 30 that
31.25 occurred four years earlier and the computed increase in the market value of total assets
31.26 over that fiscal year period if the assets had earned a rate of return on assets equal to the
31.27 annual percentage preretirement interest rate assumption used in the actuarial valuation
31.28 for the July 1 that occurred four years earlier;

31.29 (2) 40 percent of the difference between the actual net change in the market value
31.30 of total assets between the June 30 that occurred two years earlier and the June 30 that
31.31 occurred three years earlier and the computed increase in the market value of total assets
31.32 over that fiscal year period if the assets had earned a rate of return on assets equal to the
31.33 annual percentage preretirement interest rate assumption used in the actuarial valuation
31.34 for the July 1 that occurred three years earlier;

31.35 (3) 60 percent of the difference between the actual net change in the market value
31.36 of total assets between the June 30 that occurred one year earlier and the June 30 that

32.1 occurred two years earlier and the computed increase in the market value of total assets
 32.2 over that fiscal year period if the assets had earned a rate of return on assets equal to the
 32.3 annual percentage preretirement interest rate assumption used in the actuarial valuation
 32.4 for the July 1 that occurred two years earlier; and

32.5 (4) 80 percent of the difference between the actual net change in the market value
 32.6 of total assets between the most recent June 30 and the June 30 that occurred one year
 32.7 earlier and the computed increase in the market value of total assets over that fiscal year
 32.8 period if the assets had earned a rate of return on assets equal to the annual percentage
 32.9 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
 32.10 occurred one year earlier.

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

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

32.19 Sec. 6. **EFFECTIVE DATE.**

32.20 This article is effective July 1, 2015.

32.21 **ARTICLE 5**

32.22 **OTHER CORRECTIONS AND CLARIFICATIONS**

32.23 Section 1. Minnesota Statutes 2014, section 352.021, subdivision 3, is amended to read:

32.24 Subd. 3. **Optional exemptions.** (a) Any person who is appointed by the governor or
 32.25 lieutenant governor ~~may request exemption from coverage by~~ who is not already covered
 32.26 by the general state employees retirement plan under this chapter if the appointee is not
 32.27 covered by the plan on the date of appointment, and who is not an employee listed in
 32.28 section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption
 32.29 from coverage by the plan.

32.30 (b) To qualify for this exemption, ~~a written~~ the request must be made within 90 days
 32.31 from the date of entering upon the duties of the position to which the person is appointed.

32.32 (c) After making the request, a person requesting the exemption is not entitled to
 32.33 coverage by the general state employees retirement plan while employed in the position
 32.34 that entitled that person to an exemption from coverage.

33.1 Sec. 2. Minnesota Statutes 2014, section 352.021, subdivision 4, is amended to read:

33.2 Subd. 4. **Reentering service after refund.** When a former employee who has
 33.3 withdrawn accumulated contributions reenters employment in a position entitled to
 33.4 coverage under the general state employees retirement plan, the employee must be covered
 33.5 by the plan on the same basis as a new employee and is not entitled to allowable service
 33.6 credit for any former service. The annuity rights forfeited when taking a refund can only
 33.7 be restored as provided in ~~this chapter~~ section 352.23.

33.8 Sec. 3. Minnesota Statutes 2014, section 352.22, subdivision 8, is amended to read:

33.9 Subd. 8. **Refund specifically limited.** (a) If a former employee covered by the
 33.10 system does not apply for refund within five years after the last deduction was taken
 33.11 from salary for the retirement fund, and does not have enough service to qualify for a
 33.12 deferred annuity, accumulated member and employer contributions must be credited to
 33.13 and become a part of the retirement fund.

33.14 (b) If the former employee returns to state service and becomes a state employee
 33.15 covered by the system, the amount credited to the retirement fund, if more than \$25, must
 33.16 be restored to the individual account. If the amount credited to the fund is over \$25 and
 33.17 the former employee applies for refund or an annuity under section 352.72 or 356.30,
 33.18 the amount must be restored to the former employee's individual account and a refund
 33.19 made or an annuity paid, whichever applies.

33.20 Sec. 4. Minnesota Statutes 2014, section 352.22, subdivision 10, is amended to read:

33.21 Subd. 10. **Other refunds.** Former employees covered by the system are entitled
 33.22 to apply for refunds if they are or become members of the State Patrol retirement fund,
 33.23 the state Teachers Retirement Association, or employees of the University of Minnesota
 33.24 excluded from coverage under the system by action of the Board of Regents; or employees
 33.25 of the adjutant general who under federal law effectually elect membership in a federal
 33.26 retirement system; or officers or employees of the senate or house of representatives,
 33.27 excluded from coverage under section 352.01, subdivision 2b, clause ~~(7)~~ (6). The refunds
 33.28 must include accumulated contributions plus interest as provided in subdivision 2.

33.29 Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

33.30 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

33.31 (a) When any employee accepts a refund as provided in section 352.22, all existing
 33.32 allowable service credits and all rights and benefits to which the employee was entitled
 33.33 before accepting the refund terminate. ~~They must~~

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

34.5 (c) Repayment of refunds entitles the employee only to credit for service covered
 34.6 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as
 34.7 permitted under law in effect when the payment in lieu of deductions was made; (3)
 34.8 payments made to obtain credit for service as permitted by laws in effect when payment
 34.9 was made; and (4) allowable service ~~once~~ previously credited while receiving temporary
 34.10 workers' compensation as provided in section 352.01, subdivision 11, clause ~~(5)~~ (4).

34.11 (d) Payments under this section for repayment of refunds are to be paid with interest
 34.12 at an annual rate of 8.5 percent compounded annually from the date the refund was taken
 34.13 until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction
 34.14 in the manner provided in section 352.04. Payment may be made in a lump sum up to
 34.15 six months after termination from service.

34.16 Sec. 6. Minnesota Statutes 2014, section 352B.07, is amended to read:

34.17 **352B.07 ACTIONS BY OR AGAINST THE GOVERNING BOARD OF THE**
 34.18 **RETIREMENT PLAN.**

34.19 With respect to the State Patrol retirement plan, the board of the Minnesota State
 34.20 Retirement System may sue or be sued in the name of the board of directors of the state
 34.21 retirement system. In all actions brought by or against it, the board shall be represented by
 34.22 the attorney general. The attorney general shall also be the legal adviser for the board.
 34.23 Venue of all actions is in the Ramsey County District Court.

34.24 Sec. 7. Minnesota Statutes 2014, section 352B.25, is amended to read:

34.25 **352B.25 CONTINUING APPROPRIATION; PAYMENT OF PENSION**
 34.26 **FUNDS BY INDIVIDUALS.**

34.27 The State Patrol retirement fund ~~and the participation in the Minnesota~~
 34.28 ~~postretirement investment fund~~ must be disbursed only for the purposes provided in this
 34.29 chapter. The expenses of the system and any benefits or annuities provided in this chapter;
 34.30 ~~other than benefits payable from the Minnesota postretirement investment fund,~~ must be
 34.31 paid from the State Patrol retirement fund. The amounts necessary to make the payments
 34.32 from the State Patrol retirement fund ~~and the participation in the Minnesota postretirement~~
 34.33 ~~investment fund~~ are annually appropriated from those funds for those purposes.

35.1 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

35.2 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
35.3 to participate as members of the association with retirement coverage by the general
35.4 employees retirement plan, the local government correctional employees retirement plan
35.5 under chapter 353E, or the public employees police and fire retirement plan:

35.6 (1) persons whose annual salary from one governmental subdivision never exceeds
35.7 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
35.8 employee or \$3,800 if the person is a school year employee. If annual compensation from
35.9 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
35.10 year or a school year, whichever applies, after being stipulated in advance not to exceed
35.11 the applicable amount, the stipulation is no longer valid and contributions must be made
35.12 on behalf of the employee under section 353.27, subdivision 12, from the first month in
35.13 which the employee received salary exceeding \$425 in a month;

35.14 (2) public officers who are elected to a governing body, city mayors, or persons who
35.15 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
35.16 commences on or after July 1, 2002, for the service to be rendered in that elective position;

35.17 (3) election judges and persons employed solely to administer elections;

35.18 (4) patient and inmate personnel who perform services for a governmental
35.19 subdivision;

35.20 (5) except as otherwise specified in subdivision 12a, employees who are employed
35.21 solely in a temporary position as defined under subdivision 12a, and employees who
35.22 resign from a nontemporary position and accept a temporary position within 30 days of
35.23 that resignation in the same governmental subdivision;

35.24 (6) employees who are employed by reason of work emergency caused by fire,
35.25 flood, storm, or similar disaster, but if the person becomes a probationary or provisional
35.26 employee within the same pay period, other than on a temporary basis, the person is a
35.27 "public employee" retroactively to the beginning of the pay period;

35.28 (7) employees who by virtue of their employment in one governmental subdivision
35.29 are required by law to be a member of and to contribute to any of the plans or funds
35.30 administered by the Minnesota State Retirement System, the Teachers Retirement
35.31 Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion
35.32 must not be construed to prevent a person from being a member of and contributing to
35.33 the Public Employees Retirement Association and also belonging to and contributing to
35.34 another public pension plan or fund for other service occurring during the same period
35.35 of time, and a person who meets the definition of "public employee" in subdivision 2 by
35.36 virtue of other service occurring during the same period of time becomes a member of the

36.1 association unless contributions are made to another public retirement plan on the salary
36.2 based on the other service or to the Teachers Retirement Association by a teacher as
36.3 defined in section 354.05, subdivision 2;

36.4 (8) persons who are members of a religious order and are excluded from coverage
36.5 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
36.6 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
36.7 as amended, if no irrevocable election of coverage has been made under section 3121(r) of
36.8 the Internal Revenue Code of 1954, as amended;

36.9 (9) persons who are:

36.10 (i) employed by a governmental subdivision who have not reached the age of 23
36.11 and who are enrolled on a full-time basis to attend or are attending classes on a full-time
36.12 basis at an accredited school, college, or university in an undergraduate, graduate, or
36.13 professional-technical program, or at a public or charter high school;

36.14 (ii) employed as resident physicians, medical interns, pharmacist residents, or
36.15 pharmacist interns and are serving in a degree or residency program in a public hospital
36.16 or in a public clinic; or

36.17 (iii) students who are serving for a period not to exceed five years in an internship
36.18 or a residency program that is sponsored by a governmental subdivision, including an
36.19 accredited educational institution;

36.20 (10) persons who hold a part-time adult supplementary technical college license who
36.21 render part-time teaching service in a technical college;

36.22 (11) except for employees of Hennepin County or employees of Hennepin
36.23 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision
36.24 under a work permit or under an H-1b visa initially issued or extended for a combined
36.25 period of less than three years of employment but upon extension of the employment of
36.26 the visa beyond the three-year period, the foreign citizen must be reported for membership
36.27 beginning on the first of the month following the extension if the monthly earnings
36.28 threshold as provided under subdivision 2a, paragraph (a), is met;

36.29 (12) public hospital employees who elected not to participate as members of the
36.30 association before 1972 and who did not elect to participate from July 1, 1988, to October
36.31 1, 1988;

36.32 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
36.33 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
36.34 may still qualify as public employees under subdivision 2 and may be members of the
36.35 Public Employees Retirement Association and participants in the general employees
36.36 retirement plan or the public employees police and fire plan, whichever applies, on the

37.1 basis of compensation received from public employment service other than service as
37.2 volunteer ambulance service personnel;

37.3 (14) except as provided in section 353.87, volunteer firefighters, as defined in
37.4 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
37.5 but a person who is a volunteer firefighter may still qualify as a public employee under
37.6 subdivision 2 and may be a member of the Public Employees Retirement Association and
37.7 a participant in the general employees retirement plan or the public employees police
37.8 and fire plan, whichever applies, on the basis of compensation received from public
37.9 employment activities other than those as a volunteer firefighter;

37.10 (15) pipefitters and associated trades personnel employed by Independent School
37.11 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
37.12 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
37.13 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
37.14 241, article 2, section 12;

37.15 (16) electrical workers, plumbers, carpenters, and associated trades personnel who
37.16 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
37.17 who have retirement coverage under a collective bargaining agreement by the Electrical
37.18 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
37.19 or the pension plan applicable to Carpenters Local 322 who were either first employed
37.20 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
37.21 Laws 2000, chapter 461, article 7, section 5;

37.22 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
37.23 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
37.24 or Independent School District No. 625, St. Paul, with coverage under a collective
37.25 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
37.26 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
37.27 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
37.28 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
37.29 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
37.30 Session chapter 10, article 10, section 6;

37.31 (18) plumbers who are employed by the Metropolitan Airports Commission, with
37.32 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
37.33 who either were first employed after May 1, 2001, or if first employed before May 2,
37.34 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
37.35 10, section 6;

38.1 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions
 38.2 under subdivision 12b which are limited in duration by the employer to 185 consecutive
 38.3 calendar days or less in each year of employment with the governmental subdivision;

38.4 (20) persons who are provided supported employment or work-study positions by a
 38.5 governmental subdivision and who participate in an employment or industries program
 38.6 maintained for the benefit of these persons where the governmental subdivision limits the
 38.7 position's duration to up to five years, including persons participating in a federal or state
 38.8 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
 38.9 relief program where the training or work experience is not provided as a part of, or
 38.10 for, future permanent public employment;

38.11 (21) independent contractors and the employees of independent contractors;

38.12 (22) reemployed annuitants of the association during the course of that reemployment;

38.13 (23) persons appointed to serve on a board or commission of a governmental
 38.14 subdivision or an instrumentality thereof; and

38.15 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud
 38.16 Metropolitan Transit Commission who are members of the International Brotherhood
 38.17 of Teamsters Local 638 and who are, by virtue of that employment, members of the
 38.18 International Brotherhood of Teamsters Central States pension plan.

38.19 (b) Any person performing the duties of a public officer in a position defined in
 38.20 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
 38.21 employee of an independent contractor.

38.22 Sec. 9. Minnesota Statutes 2014, section 354.44, subdivision 8, is amended to read:

38.23 Subd. 8. **Annuity payment; provision of evidence of receipt.** (a) An annuity or
 38.24 benefit for a given month must be paid during the first week of that month.

38.25 (b) Evidence of receipt of the check issued or acknowledgment of the amount
 38.26 electronically transferred in payment of an annuity or benefit may be required from the
 38.27 payee on a form prescribed by the executive director. The evidence of receipt form may
 38.28 be required periodically at times specified by the board. ~~In the event~~ If the filing of an
 38.29 evidence of receipt form is required and the form is not filed, future annuities or benefits
 38.30 must be withheld until the form is submitted.

38.31 Sec. 10. Minnesota Statutes 2014, section 354.44, subdivision 9, is amended to read:

38.32 Subd. 9. **Determining applicable law.** ~~An employee~~ A former teacher who returns
 38.33 to covered service following a termination and who is not receiving a retirement annuity
 38.34 under this section must have earned at least 85 days of credited service following the

39.1 return to covered service to be eligible for improved benefits resulting from any law
39.2 change enacted subsequent to that termination.

39.3 Sec. 11. Minnesota Statutes 2014, section 354.51, subdivision 1, is amended to read:

39.4 Subdivision 1. **Eligibility to make payments.** No member ~~shall be~~ is entitled to
39.5 make payments in lieu of salary deductions to the retirement board to receive allowable
39.6 service credit for any period of service ~~prior to~~ rendered before that date for which
39.7 employee contributions were not deducted from the member's salary, except as provided
39.8 in subdivision ~~4~~ 5, or section 354.50 or 354.53.

39.9 Sec. 12. Minnesota Statutes 2014, section 354A.12, subdivision 3c, is amended to read:

39.10 Subd. 3c. **Termination of supplemental contributions and direct matching**
39.11 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers
39.12 Retirement Fund Association by Independent School District No. 625 under section
39.13 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers
39.14 Retirement Fund Association must continue until the ~~current~~ actuarial value of assets of
39.15 the fund equal or exceed the actuarial accrued liability of the fund as determined in the
39.16 most recent actuarial report for the fund by the actuary retained under section 356.214
39.17 or until the established date for full funding under section 356.215, subdivision 11,
39.18 whichever occurs earlier.

39.19 (b) The aid to the Duluth Teachers Retirement Fund Association under section
39.20 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth
39.21 Teachers Retirement Fund Association must continue until the current assets of the fund
39.22 equal or exceed the actuarial accrued liability of the fund as determined in the most
39.23 recent actuarial report for the fund by the actuary retained under section 356.214 or until
39.24 the established date for full funding under section 356.215, subdivision 11, whichever
39.25 occurs earlier.

39.26 Sec. 13. Minnesota Statutes 2014, section 354A.31, subdivision 7, is amended to read:

39.27 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person
39.28 who has become at least 55 years old and first becomes a coordinated member after
39.29 June 30, 1989, and to any other coordinated member who has become at least 55 years
39.30 old and whose annuity is higher when calculated using the retirement annuity formula
39.31 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable,
39.32 in conjunction with this subdivision than when calculated under subdivision 4, paragraph
39.33 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

40.1 (b) A coordinated member who retires before the normal retirement age ~~shall be~~
 40.2 ~~paid the~~ is entitled to receive a retirement annuity calculated using the retirement annuity
 40.3 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),
 40.4 ~~whichever is applicable~~ applies, multiplied by the applicable early retirement factor
 40.5 specified below:

		Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
40.8	Normal retirement age:	65	66	65	66
40.9	Age at retirement				
40.10	55	0.5376	0.4592		
40.11	56	0.5745	0.4992		
40.12	57	0.6092	0.5370		
40.13	58	0.6419	0.5726		
40.14	59	0.6726	0.6062		
40.15	60	0.7354	0.6726		
40.16	61	0.7947	0.7354		
40.17	62	0.8507	0.7947	0.8831	0.8389
40.18	63	0.9035	0.8507	0.9246	0.8831
40.19	64	0.9533	0.9035	0.9635	0.9246
40.20	65	1.0000	0.9533	1.0000	0.9635
40.21	66		1.0000		1.0000

40.22 For normal retirement ages between ages 65 and 66, the early retirement factors ~~will~~
 40.23 must be determined by linear interpolation between the early retirement factors applicable
 40.24 for normal retirement ages 65 and 66.

40.25 Sec. 14. Minnesota Statutes 2014, section 356.245, is amended to read:

40.26 **356.245 LOCAL ELECTED OFFICIALS.**

40.27 An elected official who is covered by section 353.01, subdivision 2a, or 353D.01,
 40.28 subdivision 2, whichever applies, is eligible to participate in ~~the state of Minnesota a~~
 40.29 deferred compensation plan under section 356.24. The applicable local governmental unit
 40.30 may make the matching employer contributions authorized by that section on the part
 40.31 of a participating elected official.

40.32 Sec. 15. Minnesota Statutes 2014, section 356B.10, subdivision 2, is amended to read:

40.33 Subd. 2. **Building; related facilities.** ~~(a)~~ The commissioner of administration
 40.34 ~~may shall~~ provide a building and related facilities to be jointly occupied by the board of
 40.35 directors of the Minnesota State Retirement System, the board of trustees of the Public

41.1 Employees Retirement Association, and the board of trustees of the Teachers Retirement
41.2 Association for the administration of their public pension systems.

41.3 ~~(b) Design of the facilities is not subject to section 16B.33. The competitive~~
41.4 ~~acquisition process set forth in chapter 16C does not apply if the process set forth in~~
41.5 ~~subdivision 3 is followed.~~

41.6 ~~(e) The boards and the commissioner must submit the plans for a public pension~~
41.7 ~~facility under this section to the chair of the house of representatives Ways and Means~~
41.8 ~~Committee and to the chair of the senate State Government Finance Committee for their~~
41.9 ~~approval before the plans are implemented.~~

41.10 Sec. 16. Minnesota Statutes 2014, section 356B.10, subdivision 3, is amended to read:

41.11 Subd. 3. **Contracting procedures.** ~~(a) The commissioner may enter into a contract~~
41.12 ~~for facilities with a contractor to furnish the architectural, engineering, and related services~~
41.13 ~~as well as the labor, materials, supplies, equipment, and related construction services on~~
41.14 ~~the basis of a request for qualifications and competitive responses received through a~~
41.15 ~~request for proposals process that must include the items listed in paragraphs (b) to (i).~~

41.16 ~~(b) Before issuing a request for qualifications and a request for proposals, the~~
41.17 ~~commissioner, with the assistance of the boards, shall prepare performance criteria and~~
41.18 ~~specifications that include:~~

41.19 ~~(1) a general floor plan or layout indicating the general dimensions of the public~~
41.20 ~~building and space requirements;~~

41.21 ~~(2) design criteria for the exterior and site area;~~

41.22 ~~(3) performance specifications for all building systems and components to ensure~~
41.23 ~~quality and cost efficiencies;~~

41.24 ~~(4) conceptual floor plans for systems space;~~

41.25 ~~(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors,~~
41.26 ~~and features such as built-in counters and telephone wiring;~~

41.27 ~~(6) mechanical and electrical requirements;~~

41.28 ~~(7) special interior features required; and~~

41.29 ~~(8) a completion schedule.~~

41.30 ~~(c) The commissioner shall first solicit statements of qualifications from eligible~~
41.31 ~~contractors and select more than one qualified contractor based upon experience, technical~~
41.32 ~~competence, past performance, capability to perform, and other appropriate facts.~~

41.33 ~~Contractors selected under this process must be, employ, or have as a partner, member,~~
41.34 ~~coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide~~
41.35 ~~the services required to design and complete the project. The commissioner does not~~

42.1 ~~have to select any of the respondents if none reasonably fulfill the criteria set forth in~~
42.2 ~~this paragraph.~~

42.3 ~~(d) The contractors selected shall be asked to respond to a request for proposals.~~
42.4 ~~Responses must include site plans, design concept, elevation, statement of material to~~
42.5 ~~be used, floor layouts, a detailed development budget, and a total cost to complete the~~
42.6 ~~project. The proposal must indicate that the contractor obtained at least two proposals~~
42.7 ~~from subcontractors for each item of work and must set forth how the subcontractors~~
42.8 ~~were selected. The commissioner, with the assistance of the boards, shall evaluate the~~
42.9 ~~proposals based upon design, cost, quality, aesthetics, and the best overall value to the~~
42.10 ~~state pension funds. The commissioner need not select any of the proposals submitted~~
42.11 ~~and reserves the right to reject any and all proposals, and may terminate the process or~~
42.12 ~~revise the request for proposals and solicit new proposals if the commissioner determines~~
42.13 ~~that the best interests of the pension funds would be better served by doing so. Proposals~~
42.14 ~~submitted are nonpublic data until the contract is awarded.~~

42.15 ~~(e) The contractor selected must comply with sections 574.26 to 574.261. Before~~
42.16 ~~executing a final contract, the contractor selected shall certify a firm construction price~~
42.17 ~~and completion date.~~

42.18 ~~(f) The commissioner may consider building sites in the city of St. Paul and~~
42.19 ~~surrounding suburbs.~~

42.20 ~~(g) (a) Any land, building, or facility leased, constructed, or acquired and any~~
42.21 ~~leasehold interest acquired under this section must be held by the state in trust for the three~~
42.22 ~~retirement systems as tenants in common. Each retirement system fund must consider its~~
42.23 ~~interest as a fixed asset of its pension fund in accordance with governmental accounting~~
42.24 ~~standards.~~

42.25 ~~(h) (b) The commissioner may lease to another governmental subdivision, or to a~~
42.26 ~~private company under contract with the State Board of Investment, or with the Board~~
42.27 ~~of Directors of the Minnesota State Retirement System, whichever applies, to provide~~
42.28 ~~deferred compensation services under section 352.965, any portion of the funds' building~~
42.29 ~~and lands that is not required for their the direct use of the retirement systems upon terms~~
42.30 ~~and conditions that they deem to be in the best interest of the pension funds. Any income~~
42.31 ~~accruing from the rentals must be separately accounted for and utilized to offset ongoing~~
42.32 ~~administrative expenses and any excess must be carried forward as a reserve for future~~
42.33 ~~administrative expenses. The commissioner may also enter into lease agreements for~~
42.34 ~~the establishment of satellite offices should if the retirement plan boards find them to~~
42.35 ~~be necessary in order to assure their members reasonable access to their services. The~~

43.1 commissioner may lease under section 16B.24 any portion of the facilities not required for
43.2 the direct use of the retirement plan boards.

43.3 ~~(c)~~ (c) The boards shall formulate ~~and~~, adopt, and periodically revise a written
43.4 working agreement that sets forth the nature of each retirement system's ownership
43.5 interest, the duties and obligations of each system toward the construction, operation, and
43.6 maintenance costs of its facilities, and identifies one retirement fund to serve as manager
43.7 for operating and maintenance purposes. The boards may contract with independent third
43.8 parties for maintenance-related activities, services, and supplies, and may use the services
43.9 of the Department of Administration where the boards determine that it is economically
43.10 feasible to do so. If the boards cannot agree or cannot resolve a dispute about the operations
43.11 or maintenance of the facilities, they may request the commissioner of administration to
43.12 appoint a representative from the department's real estate management division to serve as
43.13 arbitrator of the dispute with authority to issue a written resolution of the dispute.

43.14 Sec. 17. Minnesota Statutes 2014, section 356B.10, subdivision 4, is amended to read:

43.15 Subd. 4. **Revenue bonds.** (a) The commissioner of management and budget, ~~on~~
43.16 ~~request of the governor, may sell and issue revenue bonds in an aggregate principal amount~~
43.17 ~~up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the~~
43.18 ~~amount needed to pay issuance costs and interest costs and to establish necessary reserves~~
43.19 ~~to secure the bonds. The commissioner of management and budget may issue bonds for the~~
43.20 ~~purpose of refunding bonds issued under this subdivision~~ Minnesota Statutes 2001, section
43.21 356.89, subdivision 4. The bonds may be sold and issued on terms and in a manner the
43.22 commissioner of management and budget determines to be in the best interests of the state.

43.23 (b) The proceeds of the revenue bonds must be credited to a bond proceeds account
43.24 in the pension building fund which the commissioner of management and budget must
43.25 create in the state treasury.

43.26 Sec. 18. Minnesota Statutes 2014, section 356B.10, subdivision 5, is amended to read:

43.27 Subd. 5. **Security.** (a) The boards may pledge any or all assets of the retirement
43.28 fund or funds administered by the boards as security for the bonds used to finance the
43.29 pension building.

43.30 (b) The bonds and the interest on them must be paid solely from and secured by
43.31 all assets of the boards pledged and appropriated for these purposes to the debt service
43.32 fund created in subdivision 6 and any investment income on the fund and any reserve
43.33 established for this purpose.

44.1 (c) The bonds are not public debt, and the full faith, credit, and taxing powers of
 44.2 the state are not pledged for their payment. The bonds and the interest on them must not
 44.3 be paid, directly or indirectly, in whole or in part, from a tax of statewide application on
 44.4 any class of property, income, transaction, or privilege.

44.5 Sec. 19. Minnesota Statutes 2014, section 356B.10, subdivision 6, is amended to read:

44.6 Subd. 6. **Debt service fund.** There is established in the state treasury a separate and
 44.7 special pension building debt service fund. Money in the funds managed by the boards is
 44.8 appropriated to the boards for transfer to the pension building debt service fund. Money
 44.9 appropriated and transferred to the fund and investment income on it on hand or required
 44.10 to be transferred to the fund must be used and is irrevocably appropriated to pay when due
 44.11 the principal of and interest on the bonds ~~authorized~~ referenced in subdivision 4.

44.12 Sec. 20. Minnesota Statutes 2014, section 356B.10, subdivision 7, is amended to read:

44.13 Subd. 7. **Covenants; agreements.** ~~The commissioner of management and budget~~
 44.14 ~~may, for and on behalf of the state, enter into~~ covenants and agreements entered into by
 44.15 the commissioner of management and budget for the construction of the pension building
 44.16 that were not inconsistent with Minnesota Statutes 2001, section 356.89, subdivisions 1 to
 44.17 6, and determined by the commissioner as may be necessary or desirable to facilitate the
 44.18 sale and issuance of the bonds on terms favorable to the state, including, but not limited
 44.19 to, covenants and agreements relating to the payment of and security for the bonds, tax
 44.20 exemption, and disclosure of information required by federal and state securities laws. ~~The~~
 44.21 ~~covenants and agreements of the commissioner of management and budget constitute an~~
 44.22 enforceable contract of the state and by them the state pledges and agrees with the holders
 44.23 of any bonds that the state will not limit or alter the rights vested in the commissioner of
 44.24 management and budget to fulfill the terms of the covenants or agreements made with the
 44.25 holders of the bonds, or in any way impair the rights and remedies of the holders until
 44.26 the bonds, together with the interest on them, with interest on any unpaid installments of
 44.27 interest, and all costs and expenses in connection with any action or proceeding by or on
 44.28 behalf of the holders, are fully met and discharged. ~~The commissioner of management and~~
 44.29 ~~budget may include this pledge and agreement of the state in any covenant or agreement~~
 44.30 ~~with the holders of the bonds.~~ Sections 16A.672 and 16A.675 apply to the bonds.

44.31 Sec. 21. **REVISOR'S INSTRUCTION.**

45.1 The revisor of statutes shall make any technical cross-reference changes resulting
45.2 from amendments in this act, including any grammatical changes necessary to preserve
45.3 sentence structure.

45.4 Sec. 22. **REPEALER.**

45.5 Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, and 6;
45.6 352.76; 352.91, subdivisions 3a and 3b; 352B.29; 353.83; 353.84; 353.85; 354.146,
45.7 subdivisions 1 and 3; 354.33, subdivisions 5 and 6; 354.39; 354.55, subdivisions 13,
45.8 16, 17, 18, and 19; 354.58; 354A.35, subdivision 2a; 356.42; 356.49, subdivision 2;
45.9 and 424A.03, subdivision 3, are repealed.

45.10 Sec. 23. **EFFECTIVE DATE.**

45.11 This article is effective July 1, 2015.

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Article locations in 15-2894

ARTICLE 1	OUTDATED ALLOWABLE SERVICE DATE REFERENCES	Page.Ln 1.24
	OUTDATED POSTRETIREMENT ADJUSTMENT DATE	
ARTICLE 2	REFERENCES	Page.Ln 9.9
ARTICLE 3	OTHER OUTDATED PENSION DATE REFERENCES	Page.Ln 14.14
ARTICLE 4	APPROVED ACTUARY DEFINITION CONFORMITY	Page.Ln 30.1
ARTICLE 5	OTHER CORRECTIONS AND CLARIFICATIONS	Page.Ln 32.21

352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.

Any employee of the Metropolitan Transit Commission Operating Division who was on a leave of absence to enter military service on July 1, 1978, who has not taken a refund of employee contributions as authorized by article 12 of the Metropolitan Transit Commission-Transit Operating Division employees retirement fund document or section 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan Transit Commission-Transit Operating Division upon discharge from military service as provided in section 192.262 is entitled to allowable service credit for the period of military service. If an employee has taken a refund of employee contributions, and would otherwise be entitled to allowable service credit under this section, the employee is entitled to allowable service credit for the period of military service upon repayment to the executive director of the system of the amount refunded plus interest at an annual rate of 8.5 percent compounded annually from the date on which the refund was taken to the date of repayment. No employee is entitled to allowable service credit for any voluntary extensions of military service at the instance of the employee beyond any initial period of enlistment, induction, or call to active duty.

352.75 TRANSFER OF PENSION COVERAGE SAVINGS CLAUSE; INCREASE IN EXISTING ANNUITIES AND BENEFITS.

Subdivision 1. **Existing employees.** Notwithstanding any law to the contrary, as of July 1, 1978, all active employees of the Transit Operating Division of the former Metropolitan Transit Commission and all employees on authorized leaves of absence from the Transit Operating Division who are employed on July 1, 1978, by a labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division shall cease to be members of the former Metropolitan Transit Commission-Transit Operating employees retirement fund and shall cease to have any accrual of service credit, rights, or benefits under that retirement fund. After July 1, 1978, those employees become members of the Minnesota State Retirement System, are considered state employees for purposes of this chapter, unless specifically excluded by section 352.01, subdivision 2b, and shall have past service with the Transit Operating Division of the former Metropolitan Transit Commission credited by the Minnesota State Retirement System in accordance with section 352.01, subdivision 11, clause (10). Any employees on authorized leaves of absence from the Transit Operating Division of the former Metropolitan Transit Commission who become employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division after July 1, 1978, shall be entitled to be members of the Minnesota State Retirement System under section 352.029.

Subd. 3. **Existing retired members and benefit recipients.** As of July 1, 1978, the liability for all retirement annuities, disability benefits, survivorship annuities, and survivor of deceased active employee benefits paid or payable by the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund is transferred to the Minnesota State Retirement System, and is no longer the liability of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefits must be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

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

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

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

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the normal retirement age specified in that former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document.

The deferred retirement annuity of any person to whom this subdivision applies must be augmented. The required reserves applicable to the deferred retirement annuity, determined as of the date the allowance begins to accrue using an appropriate mortality table and an interest assumption of five percent, must be augmented by interest at the rate of five percent per year compounded annually from January 1, 1978, to January 1, 1981, three percent per year compounded annually from January 1, 1981, until the date that the annuity begins to accrue or January 1, 2012, whichever is earlier, and two percent after December 31, 2011, to the first day of the month in which the annuity begins to accrue. After the commencement of the retirement annuity, the annuity is eligible for postretirement adjustments under section 356.415. On applying for a retirement annuity under this subdivision, the person is entitled to elect a joint and survivor optional annuity under section 352.116, subdivision 3.

Subd. 5. Savings clause for certain existing employees. Any person who is a member of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund on July 1, 1978, is entitled to retain past and prospective rights under the retirement benefit formula, normal retirement age, and early reduced retirement age provisions of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on July 1, 1978, in lieu of the provisions in sections 352.115; 352.116; 352.22, subdivisions 3 to 11; and 356.30.

Subd. 6. Increase in existing annuities and benefits. All persons receiving retirement allowances or annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits from the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund on December 31, 1977, and on July 1, 1978, are entitled to have the allowances, annuities, or benefits increased by an amount equal to \$20 per month. Increases in payments under this subdivision must be made automatically unless the intended recipient files written notice with the executive director of the Minnesota State Retirement System requesting that the increase not be made. If any actuarial reduction or adjustment was applied to the retirement allowance or annuity, disability benefit, survivorship annuity, or survivor of deceased active employee benefit, the increase specified in this subdivision must be similarly reduced or adjusted. Upon the death of any person receiving an annuity or benefit if the person elected a joint and survivor optional annuity the survivor is entitled to the continued receipt of the increase provided for under this subdivision, but the increase must be reduced or adjusted in accordance with the optional annuity election.

352.76 GENERAL ADMINISTRATION.

This chapter governs where not inconsistent with Laws 1978, chapter 538.

352.91 COVERED CORRECTIONAL SERVICE.

Subd. 3a. Security guards. "Covered correctional service" also means service rendered before January 1, 1981, in the classification of security guard by any employee employed in a covered correctional position on January 1, 1981.

Subd. 3b. Older employees formerly excluded. "Covered correctional service" also means service performed by certain state employees in positions usually covered by this section who: (1) were excluded by law from coverage between July 1973 and July 1980; (2) were age 45 or over when hired; (3) were state employees on March 26, 1986; and (4) who elected coverage before July 1, 1986. An employee who did not elect coverage before July 1, 1986, is not covered by the correctional retirement plan, even if the employee's employment classification may be considered to be covered correctional service under another subdivision of this section.

352B.29 HIGHWAY PATROLMEN'S RETIREMENT ASSOCIATION; TRANSFER OF FUNCTIONS.

Notwithstanding other provisions of this chapter and chapter 352, effective July 1, 1973, all powers, duties, responsibilities, books, papers, and records of the Highway Patrolmen's Retirement Association and of the officers of the Highway Patrolmen's Retirement Association are transferred to the Minnesota State Retirement System. The officers of the Highway Patrolmen's Retirement Association as constituted under this chapter as amended are abolished.

353.83 ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.

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Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the Public Employees Retirement Association upon their termination of public employment, and (c) receive annuities of less than \$200 per month must, retroactive to July 1, 1967, be supplemented by additional payments of \$15 per month from the Public Employees Retirement Association, if the annuitants have not previously qualified for the additional payments under this section, and the annuities plus the additional payments do not exceed \$200 per month. These additional payments must be made in the same manner and at the same time retirement annuities are paid and must be included in the warrants on which the annuities are so paid. The additional payments are to be added to and considered a portion of the annuity otherwise payable to the recipient and must be included in the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during life, received a benefit under this section. If an annuitant entitled to receive additional payment under this section dies before retroactive payment is received, payment must be made upon demand to the designated beneficiary in an amount equal to the accumulated benefit from July 1, 1967, to the date of death, without interest.

353.84 INCREASE IN BENEFITS.

All survivors and disabilitants who were receiving benefits on June 30, 1973, shall receive from the appropriate special fund, a 25 percent increase in such benefits accruing from January 1, 1974; provided, that survivors of members who died prior to July 1, 1973 and will not become eligible to receive benefits until after June 30, 1973, shall receive the 25 percent increase in such benefits when the benefits begin to accrue. Such increases shall not be affected by any maximum limitations otherwise provided in this chapter.

Increases in payments pursuant to this section will be made automatically unless the intended recipient files written notice with the Public Employees Retirement Association requesting that the increase shall not be made.

353.85 OPTIONAL BENEFITS TO SURVIVORS OF MEMBERS WHO DIED AFTER JUNE 15, 1973.

A qualified survivor of a "basic" member or a member of the police and fire fund where such member died after June 15, 1973 and was entitled to salary or vacation pay after June 30, 1973 shall in lieu of all other association survivor benefits be entitled to the survivor benefits payable under the law in effect on July 1, 1973.

354.146 RETIREMENT PROGRAMS.

Subdivision 1. **Post June 30, 1972.** Every member who has rendered teaching service or was on an authorized leave of absence after June 30, 1972, is covered by the formula program. The benefit of a former member who does not return to teaching service before retirement shall be determined under the program in effect at the time of termination.

Subd. 3. **Post June 30, 1974.** After June 30, 1974, every new teacher entering teaching service or resuming teaching service after previously accepting a refund shall be covered by the full formula program.

354.33 COMPUTATION OF RETIREMENT ANNUITIES.

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

Subd. 6. **Combinations of basic and coordinated service.** A person's annuity must be computed as a basic member for any service previously accrued as a basic member if the person retires with the status of a coordinated member as a result of one or both of the following events: (1) transferring from public school teaching to state university teaching, and/or (2) not performing teaching service within a fiscal year. A person's annuity must be computed as a coordinated member for any service previously accrued as a coordinated member if the person

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retires with the status of a basic member as a result of transferring from public school teaching to community college teaching.

354.39 EFFECTIVE DATE; APPLICATION.

A member of the Teachers Retirement Association who is employed in a new state university or any other new institution of higher learning not included in any agreement or modification made between the state and the federal Secretary of Health and Human Services, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to such members, must be covered under the provisions of this chapter applicable to coordinated members.

354.55 OPTIONS TO CERTAIN MEMBERS.

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

Subd. 16. **1972-1973 retirements.** Any member who ceased to render teaching service during the 1972-1973 fiscal year whose application for retirement becomes effective after June 30, 1973, shall be eligible to receive the new retirement benefits provided by the law in effect on July 1, 1973.

Subd. 17. **Post 1973 retirements.** Teachers who retire after June 30, 1973 and who failed to make an election pursuant to Minnesota Statutes 1971, section 354.145, subdivision 1, clause (1) and subdivision 2, clause (1) shall have their annuity at retirement computed under section 354.44, subdivision 2 or 6, whichever is larger.

Subd. 18. **1972-1973 retirements; no election.** (1) Teachers who retired after June 30, 1972 and before July 1, 1973 who failed to make an election pursuant to Minnesota Statutes 1971, section 354.145, subdivision 1, clause (1) shall have their annuity recomputed under the law in effect on June 30, 1973 under the provisions of either Minnesota Statutes 1971, section 354.33, subdivision 1 or 7, whichever is larger.

(2) Teachers who retired after June 30, 1972 and before July 1, 1973 and who failed to make an election pursuant to Minnesota Statutes 1971, section 354.145, subdivision 2, clause (1) shall have their annuity recomputed under the law in effect on June 30, 1973 under the provisions of either section 354.44, subdivision 2 or 6, whichever is larger.

Subd. 19. **Refunds.** Any member or retired former member who is covered by the formula in effect after June 30, 1973, and who made payments to the fund pursuant to Minnesota Statutes 1965, section 354.511, shall upon request receive a refund of such payments.

354.58 SUPPLEMENTAL RETIREMENT ANNUITY.

A supplemental retirement annuity shall be paid only to a member who retires pursuant to section 354.44, subdivision 2, and the applicable optional retirement annuities as established in sections 354.35 and 354.45. In establishing this supplemental retirement annuity, the board shall ascertain the member's accumulated deduction including interest for the period of allowable service prior to July 1, 1957, and the member shall receive a retirement credit of 100 percent of this amount. The retirement credit so established shall be the basis for purchasing a supplemental retirement annuity using an annuity purchase rate based on the applicable annuity table of mortality with an interest assumption as provided in section 354.07, subdivision 1. This supplemental retirement annuity shall be doubled.

354A.35 SURVIVOR BENEFITS.

Subd. 2a. **Modification in survivor coverage in certain instances.** Any person who elected joint and survivor annuity coverage pursuant to subdivision 2 prior to July 1, 1981 and the spouse of the person shall be entitled to modify that election by making a joint specification in writing on a form prescribed by the executive secretary that the benefits provided in this section, whichever is applicable, shall be paid only to a designated beneficiary. Authority for any

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person and the spouse of the person to modify the prior election shall expire on the date of the retirement of the person who elected the coverage or the date of death of the person who elected the coverage, whichever occurs first.

356.42 POSTRETIREMENT ADJUSTMENT; LUMP-SUM PAYMENTS.

Subdivision 1. **Entitlement.** A person who is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (8), is entitled to receive a postretirement adjustment from the applicable retirement fund in the amount specified in subdivision 2, if the annuity or benefit was computed under:

(1) the laws in effect before June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4);

(2) the laws in effect before July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3), or (5);

(3) the Metropolitan Transit Commission transit operating division employees retirement fund plan document in effect on or before December 31, 1977, if the person is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from the retirement fund specified in subdivision 3, clause (5);

(4) the laws in effect before May 1, 1974, and before any adjustment under Laws 1987, chapter 372, article 3, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (6);

(5) the laws in effect before January 1, 1970, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (7); or

(6) the laws in effect before June 30, 1971, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (8).

Subd. 2. **Amount of postretirement adjustment; payment.** (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump-sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan annuity or benefit recipients, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan annuity or benefit recipients, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the Social Security Administration.

In 1990 and each following year, each eligible basic plan annuity or benefit recipient shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section must be paid on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid or returns the amount of adjustment to the retirement fund. Written notice of the waiver of the postretirement adjustment is irrevocable for the year during which it was made.

Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in this section applies to the following retirement funds:

(1) the general employees retirement plans of the Public Employees Retirement Association;

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- (2) the public employees police and fire plan of the Public Employees Retirement Association;
- (3) the teachers retirement association;
- (4) the State Patrol retirement plan;
- (5) the state employees retirement plan of the Minnesota State Retirement System; and
- (6) the St. Paul Teachers Retirement Fund Association established under chapter 354A.

**356.49 PROVISION OF INFORMATION IN EVENT OF MARRIAGE
DISSOLUTION.**

Subd. 2. **Information for existing dissolution decree.** If a marriage dissolution decree rendered by a court of competent jurisdiction prior to August 1, 1987, provided a procedure for the distribution of future pension plan payments, upon request the applicable pension plan administrator shall provide on a timely basis to the court and the parties to the action, the required information to implement that procedure without requiring a signed authorization from the plan member or former plan member.

**424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE PENSION
AND RETIREMENT BENEFITS.**

Subd. 3. **Exception to application of limitation and penalty.** The limitation provided for in subdivision 1 does not apply to any relief association which before January 1, 1957, had established a definite service pension formula for members of the partially salaried and partially volunteer firefighters relief association who are regularly employed firefighters.