

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 3540

(SENATE AUTHORS: ROSEN, Pappas and Duckworth)

DATE	D-PG	OFFICIAL STATUS
02/28/2022	5152	Introduction and first reading Referred to State Government Finance and Policy and Elections
03/03/2022	5207	Author added Duckworth
03/31/2022	5953a	Comm report: To pass as amended
	6154	Second reading
05/09/2022	8111a	Special Order: Amended
	8112	Third reading Passed
05/17/2022	8448	Returned from House with amendment Senate concurred and repassed bill
	8448	Third reading

1.1 A bill for an act

1.2 relating to retirement; authorizing certain medical professionals (APRNs) to provide

1.3 disability assessments for all public pension plans; authorizing the purchase of

1.4 service credit for periods of military service under the Minnesota State Retirement

1.5 System (MSRS) plans; adding Department of Human Services positions to the

1.6 positions eligible for coverage by the MSRS correctional plan; permitting the

1.7 transfer of service credit from the MSRS general plan to the correctional plan;

1.8 permitting a surviving spouse to purchase vesting service and receive a pension

1.9 from the MSRS general plan; reinstating segmented annuities for Public Employees

1.10 Retirement Association (PERA) plans; excluding union employees of the Duluth

1.11 Transit Authority from PERA membership and providing vesting credit under

1.12 PERA for non-union employees; adding alternative vesting schedules under the

1.13 PERA statewide volunteer firefighter plan and eliminating the restriction on the

1.14 pension amount for firefighters retiring within five years of joining the plan;

1.15 temporarily suspending the earnings limitation for reemployed retired teachers;

1.16 adopting the recommendations of the state auditor's volunteer fire relief association

1.17 working group; requiring the state auditor to provide annual investment reports to

1.18 relief associations; clarifying the classification of State Board of Investment

1.19 professional employees; requiring the Department of Labor and Industry to study

1.20 the adequacy of disability benefits for police officers; making various

1.21 administrative, technical, and clarifying changes; amending Minnesota Statutes

1.22 2020, sections 11A.04; 11A.07, subdivision 4, by adding subdivisions; 43A.18,

1.23 subdivision 3b; 179A.10, subdivision 1; 352.01, by adding a subdivision; 352.113,

1.24 subdivision 4; 352.27; 352.87, subdivision 6; 352.91, subdivision 3f; 352.94;

1.25 352.95, subdivisions 4, 6; 352B.011, by adding a subdivision; 352B.05; 352B.086;

1.26 352B.10, subdivision 4; 353.01, by adding a subdivision; 353.031, subdivisions

1.27 3, 7, 8; 353.32, subdivision 1a; 353.34, subdivision 5, by adding a subdivision;

1.28 353.657, subdivision 2a; 353.68, subdivision 4; 353G.01, subdivisions 7, 9a;

1.29 353G.05, subdivisions 1, 2, 3, by adding a subdivision; 353G.09, subdivisions 1,

1.30 2; 354.05, by adding a subdivision; 354.48, subdivisions 4, 6, 6a; 354A.011, by

1.31 adding subdivisions; 354A.36, subdivisions 4, 6, by adding a subdivision; 356.20,

1.32 subdivision 2; 356.24, subdivision 3; 356.551, subdivision 2; 356.645; 356A.06,

1.33 subdivisions 6, 8a; 424A.001, subdivision 4; 424A.003; 424A.015, subdivision 2;

1.34 424A.05, subdivision 3, by adding a subdivision; 424A.08; 424A.092, subdivision

1.35 6; 424A.093, subdivision 6; 424A.095; 424A.10, subdivisions 1, 3; Minnesota

1.36 Statutes 2021 Supplement, sections 352D.06, subdivision 1; 353.01, subdivision

1.37 2b; 353G.11, subdivision 1; 424A.02, subdivisions 3, 3a; 424A.091, subdivision

1.38 3; 424A.093, subdivision 1; 424A.10, subdivision 2; 424B.10, subdivision 1b;

2.1 424B.13, subdivisions 4, 5, 8; 424B.22, subdivision 4; proposing coding for new
 2.2 law in Minnesota Statutes, chapters 352; 352B; repealing Minnesota Statutes 2020,
 2.3 section 353G.09, subdivision 3; Minnesota Statutes 2021 Supplement, section
 2.4 424A.02, subdivisions 2a, 2b, 2c.

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

2.6 **ARTICLE 1**
 2.7 **MINNESOTA STATE RETIREMENT SYSTEM**

2.8 Section 1. Minnesota Statutes 2020, section 352.27, is amended to read:

2.9 **352.27 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR**
 2.10 **BREAK IN SERVICE TO PROVIDE UNIFORMED PERIODS OF MILITARY**
 2.11 **SERVICE.**

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

2.19 (b) The employee may obtain credit by paying into the fund an equivalent employee
 2.20 contribution based upon the contribution rate or rates in effect at the time that the uniformed
 2.21 service was performed multiplied by the full and fractional years being purchased and
 2.22 applied to the annual salary rate. The annual salary rate is the average annual salary during
 2.23 the purchase period that the employee would have received if the employee had continued
 2.24 to be employed in covered employment rather than ~~to provide~~ having performed uniformed
 2.25 service, or, if the determination of that rate is not reasonably certain, the annual salary rate
 2.26 is the employee's average salary rate during the 12-month period of covered employment
 2.27 rendered immediately preceding the period of the uniformed service.

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

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

3.6 (e) To receive service credit under this section, the equivalent employee contributions
 3.7 specified in ~~this section~~ paragraph (b) must be transmitted to the Minnesota State Retirement
 3.8 System during the period which begins with the date on which the individual returns to state
 3.9 service and which has a duration of three times the length of the uniformed service period,
 3.10 but not to exceed five years. If the determined payment period is less than ~~one year~~ three
 3.11 years, the contributions required under ~~this section~~ paragraph (b) to receive service credit
 3.12 ~~may~~ must be made within ~~one year~~ three years of the discharge date.

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

3.15 (g) The employing unit shall pay interest on all equivalent employee and employer
 3.16 contribution amounts payable under this section. Interest must be at the applicable annual
 3.17 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end
 3.18 of each fiscal year of the leave or the break in service to the end of the month in which the
 3.19 payment is received.

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

3.21 **Sec. 2. [352.272] STATE-AUTHORIZED PURCHASE OF SERVICE CREDIT FOR**
 3.22 **PERIODS OF MILITARY SERVICE.**

3.23 **Subdivision 1. Service credit purchase authorized.** (a) Unless prohibited under
 3.24 paragraph (b), an employee is eligible to purchase service credit, not to exceed five
 3.25 cumulative years of service credit, for one or more periods of service in the uniformed
 3.26 services, as defined in United States Code, title 38, section 4303(13), if:

3.27 (1) the employee has at least three years of service credit with the general state employees
 3.28 retirement plan or the correctional state employees retirement plan under this chapter;

3.29 (2) the duration of the employee's current period of employment is at least six months;
 3.30 and

3.31 (3) one of the following applies:

4.1 (i) the employee's service in the uniformed services occurred before becoming a state
4.2 employee as defined in section 352.01, subdivision 2; or

4.3 (ii) the employee did not obtain service credit for a period of military service under
4.4 section 352.27.

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

4.6 (1) the employee separated from uniformed service with a dishonorable or bad conduct
4.7 discharge or under other than honorable conditions; or

4.8 (2) the employee has purchased or otherwise received service credit from any Minnesota
4.9 public employee pension plan for the same period of service in the uniformed services.

4.10 (c) When purchasing a period of service, if the period of service in the uniformed services
4.11 is one year or less, then the employee must purchase the full period of service. If the period
4.12 of service in the uniformed services is longer than one year, the employee may purchase
4.13 the full period, not to exceed five cumulative years, or may purchase a portion of the period
4.14 of service. If the employee purchases a portion of the period of service in the uniformed
4.15 services, the portion must:

4.16 (1) not be less than one year; and

4.17 (2) be in increments of six months of service.

4.18 Subd. 2. **Application and documentation.** To purchase service credit under subdivision
4.19 1, an employee must apply to the executive director to make the purchase. The application
4.20 must include all necessary documentation of the employee's qualifications to make the
4.21 purchase, signed written permission to allow the executive director to request and receive
4.22 necessary verification of applicable facts and eligibility requirements, and any other relevant
4.23 information that the executive director may require. The employee must submit with the
4.24 application payment of the administrative fee in the amount of \$250 to cover the costs of
4.25 calculating the purchase payment amount under section 356.551. If the employee proceeds
4.26 with the purchase, the administrative fee will be credited toward the purchase payment
4.27 amount.

4.28 Subd. 3. **Purchase payment amount; service credit grant.** (a) The purchase payment
4.29 amount is the amount determined under section 356.551 for the period or periods of service
4.30 requested, except that, for purposes of calculating the purchase payment amount to purchase
4.31 service credit for service in the uniformed services that occurred before becoming a state
4.32 employee or between periods of employment as a state employee, section 356.551,
4.33 subdivision 2, paragraph (c), does not apply.

5.1 (b) Service credit must be granted by the applicable plan to the purchasing employee
5.2 upon the executive director's receipt of the purchase payment amount. The service credit
5.3 purchased under this section may not be used for the purpose of determining a disability
5.4 benefit under section 352.113 or 352.95.

5.5 (c) Payment must be made before the effective date of the employee's retirement.

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

5.7 Sec. 3. Minnesota Statutes 2020, section 352.91, subdivision 3f, is amended to read:

5.8 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
5.9 correctional service" means service by a state employee in one of the employment positions
5.10 specified in paragraph (b) in the state-operated forensic services program or the Minnesota
5.11 Sex Offender Program if at least 75 percent of the employee's working time is spent in direct
5.12 contact with patients and the determination of this direct contact is certified to the executive
5.13 director by the commissioner of human services.

5.14 (b) The employment positions are:

5.15 (1) behavior analyst 2;

5.16 (2) behavior analyst 3;

5.17 (3) certified occupational therapy assistant 1;

5.18 (4) certified occupational therapy assistant 2;

5.19 (5) chemical dependency counselor senior;

5.20 (6) client advocate;

5.21 (7) clinical program therapist 2;

5.22 (8) clinical program therapist 3;

5.23 (9) clinical program therapist 4;

5.24 (10) customer services specialist principal;

5.25 (11) dental assistant registered;

5.26 (12) dental hygienist;

5.27 ~~(12)~~ (13) group supervisor;

5.28 ~~(13)~~ (14) group supervisor assistant;

5.29 ~~(14)~~ (15) human services support specialist;

- 6.1 ~~(15)~~ (16) licensed alcohol and drug counselor;
- 6.2 ~~(16)~~ (17) licensed practical nurse;
- 6.3 ~~(17)~~ (18) management analyst 3;
- 6.4 ~~(18)~~ (19) occupational therapist;
- 6.5 ~~(19)~~ (20) occupational therapist, senior;
- 6.6 ~~(20)~~ (21) physical therapist;
- 6.7 ~~(21)~~ (22) psychologist 1;
- 6.8 ~~(22)~~ (23) psychologist 2;
- 6.9 ~~(23)~~ (24) psychologist 3;
- 6.10 ~~(24)~~ (25) recreation program assistant;
- 6.11 ~~(25)~~ (26) recreation therapist lead;
- 6.12 ~~(26)~~ (27) recreation therapist senior;
- 6.13 ~~(27)~~ (28) rehabilitation counselor senior;
- 6.14 (29) residential program lead;
- 6.15 ~~(28)~~ (30) security supervisor;
- 6.16 ~~(29)~~ (31) skills development specialist;
- 6.17 ~~(30)~~ (32) social worker senior;
- 6.18 ~~(31)~~ (33) social worker specialist;
- 6.19 ~~(32)~~ (34) social worker specialist, senior;
- 6.20 ~~(33)~~ (35) special education program assistant;
- 6.21 ~~(34)~~ (36) speech pathology clinician;
- 6.22 ~~(35)~~ (37) work therapy assistant; and
- 6.23 ~~(36)~~ (38) work therapy program coordinator.

6.24 **EFFECTIVE DATE.** This section is effective on the first day of the first payroll period

6.25 occurring after the date of enactment and applies to prospective service only.

7.1 Sec. 4. Minnesota Statutes 2020, section 352B.086, is amended to read:

7.2 **352B.086 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR**
7.3 **UNIFORMED PERIODS OF MILITARY SERVICE.**

7.4 (a) A member who is absent from employment by reason of service in the uniformed
7.5 services, as defined in United States Code, title 38, section 4303(13), and who returns to
7.6 state employment in a position covered by the plan upon discharge from service in the
7.7 uniformed services within the time frame required in United States Code, title 38, section
7.8 4312(e), may obtain service credit for the period of the uniformed service, provided that
7.9 the member did not separate from uniformed service with a dishonorable or bad conduct
7.10 discharge or under other than honorable conditions.

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

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

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

7.30 (e) To receive allowable service credit under this section, the equivalent member
7.31 contributions specified in this section paragraph (b) must be transmitted to the fund during
7.32 the period which begins with the date on which the individual returns to state employment
7.33 covered by the plan and which has a duration of three times the length of the uniformed
7.34 service period, but not to exceed five years. If the determined payment period is calculated

8.1 to be less than ~~one year~~ three years, the contributions required under ~~this section~~ paragraph
 8.2 (b) to receive service credit must be transmitted to the fund within ~~one year~~ three years from
 8.3 the discharge date.

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

8.7 (g) The employing unit shall pay interest on all equivalent member and employer
 8.8 contribution amounts payable under this section. Interest must be computed at the applicable
 8.9 annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from
 8.10 the end of each fiscal year of the leave or break in service to the end of the month in which
 8.11 payment is received.

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

8.13 **Sec. 5. [352B.087] STATE-AUTHORIZED PURCHASE OF SERVICE CREDIT**
 8.14 **FOR PERIODS OF MILITARY SERVICE.**

8.15 **Subdivision 1. Service credit purchase authorized.** (a) Unless prohibited under
 8.16 paragraph (b), a member is eligible to purchase service credit, not to exceed five cumulative
 8.17 years of service credit, for one or more periods of service in the uniformed services, as
 8.18 defined in United States Code, title 38, section 4303(13), if:

8.19 (1) the member has at least three years of service credit with the plan;

8.20 (2) the duration of the member's current period of employment is at least six months;

8.21 and

8.22 (3) one of the following applies:

8.23 (i) the member's service in the uniformed services occurred before employment in a
 8.24 position covered by the plan; or

8.25 (ii) the member did not obtain service credit for a period of military service under section
 8.26 352B.086.

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

8.28 (1) the member separated from uniformed service with a dishonorable or bad conduct
 8.29 discharge or under other than honorable conditions; or

8.30 (2) the member has purchased or otherwise received service credit from any Minnesota
 8.31 public employee pension plan for the same period of service in the uniformed services.

9.1 (c) When purchasing a period of service, if the period of service in the uniformed services
 9.2 is one year or less, then the member must purchase the full period of service. If the period
 9.3 of service in the uniformed services is longer than one year, the member may purchase the
 9.4 full period, not to exceed five cumulative years, or may purchase a portion of the period of
 9.5 service. If the member purchases a portion of the period of service in the uniformed services,
 9.6 the portion must:

9.7 (1) not be less than one year; and

9.8 (2) be in increments of six months of service.

9.9 Subd. 2. **Application and documentation.** To purchase service credit under subdivision
 9.10 1, a member must apply to the executive director to make the purchase. The application
 9.11 must include all necessary documentation of the member's qualifications to make the
 9.12 purchase, signed written permission to allow the executive director to request and receive
 9.13 necessary verification of applicable facts and eligibility requirements, and any other relevant
 9.14 information that the executive director may require. The member must submit with the
 9.15 application payment of the administrative fee in the amount of \$250 to cover the costs of
 9.16 calculating the purchase payment amount under section 356.551. If the member proceeds
 9.17 with the purchase, the administrative fee will be credited toward the purchase payment
 9.18 amount.

9.19 Subd. 3. **Purchase payment amount; service credit grant.** (a) The purchase payment
 9.20 amount is the amount determined under section 356.551 for the period or periods of service
 9.21 requested, except that, for purposes of calculating the purchase payment amount to purchase
 9.22 service credit for service in the uniformed services that occurred before employment in a
 9.23 position covered by the plan or between periods of employment in a position covered by
 9.24 the plan, section 356.551, subdivision 2, paragraph (c), does not apply.

9.25 (b) Service credit must be granted by the plan to the purchasing member upon the
 9.26 executive director's receipt of the purchase payment amount. The service credit purchased
 9.27 under this section may not be used for the purpose of determining a disability benefit under
 9.28 section 352B.10.

9.29 (c) Payment must be made before the effective date of the member's retirement.

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

10.1 Sec. 6. Minnesota Statutes 2021 Supplement, section 352D.06, subdivision 1, is amended
10.2 to read:

10.3 Subdivision 1. **Annuity; reserves.** (a) When a participant attains at least age 55,
10.4 terminates from covered service, and applies for a retirement annuity, the cash value of the
10.5 participant's shares must be transferred to the general state employees retirement fund and
10.6 be used to provide an annuity for the participant based upon the participant's age when the
10.7 benefit begins to accrue.

10.8 (b) Except for participants described in paragraph (c), ~~or (d), or (e)~~ the monthly amount
10.9 of the annuity must be determined using the actuarial assumptions in effect for the general
10.10 state employees retirement plan under section 356.215 on the accrual date.

10.11 (c) For any participant who terminates employment on or after July 1, 2020, and before
10.12 July 1, 2021, if the participant was at least age 63 or had at least 26 years of covered service
10.13 as of June 30, 2020, the monthly amount of the annuity must be determined using the
10.14 actuarial assumptions in effect for the general state employees retirement plan under section
10.15 356.215 on June 30, 2016.

10.16 (d) For any participant who (1) terminates employment on or after June 1, 2021, and
10.17 before July 1, 2022, (2) is an employee of the house of representatives, the senate, or the
10.18 Legislative Coordinating Commission at the time the employee terminates employment,
10.19 and (3) on June 30, 2020, was at least age 63 or had at least 26 years of covered service,
10.20 the monthly amount of the annuity must be determined using the actuarial assumptions in
10.21 effect for the general state employees retirement plan under section 356.215 on June 30,
10.22 2016.

10.23 (e) For any participant who (1) terminates employment on or after June 1, 2021, and
10.24 before July 1, 2023, (2) is an employee of the house of representatives, the senate, or the
10.25 Legislative Coordinating Commission at the time the employee terminates employment,
10.26 and (3) on June 30, 2020, was at least age 63 or had at least 26 years of covered service,
10.27 the monthly amount of the annuity must be determined using the actuarial assumptions in
10.28 effect for the general state employees retirement plan under section 356.215, on June 30,
10.29 2016.

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

10.31 Sec. 7. Minnesota Statutes 2020, section 356.551, subdivision 2, is amended to read:

10.32 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph
10.33 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial

11.1 present value, on the date of payment, as calculated by the chief administrative officer of
11.2 the pension plan and reviewed by the actuary retained under section 356.214, of the amount
11.3 of the additional retirement annuity obtained by the acquisition of the additional service
11.4 credit in this section.

11.5 (b) Calculation of this amount must be made using the investment return assumption
11.6 applicable to the public pension plan specified in section 356.215, subdivision 8, and the
11.7 mortality table adopted for the public pension plan.

11.8 (1) Unless clause (2) applies, the calculation must assume continuous future service in
11.9 the public pension plan until, and retirement at, the age at which the minimum requirements
11.10 of the fund for normal retirement or retirement with an annuity unreduced for retirement at
11.11 an early age, including section 356.30, are met with the additional service credit purchased.
11.12 The calculation must also assume a full-time equivalent salary, or actual salary, whichever
11.13 is greater, and a future salary history that includes annual salary increases at the applicable
11.14 salary increase rate for the plan specified in section 356.215, subdivision 8.

11.15 (2) This clause applies when the calculation is being done for purposes of section 352.272,
11.16 352B.087, or 353.0141, subdivision 3. The calculation must include continuous future
11.17 service in the public pension plan until, and retirement at, any age at or after which the
11.18 minimum requirements of the fund for early retirement or retirement with an annuity
11.19 unreduced for retirement at an early age, including section 356.30, are met with the additional
11.20 service credit purchased. The calculation must be determined using the retirement age that
11.21 provides the most valuable benefit to the member. The calculation must also assume a
11.22 full-time equivalent salary, or actual salary, whichever is greater, and a future salary history
11.23 that includes annual salary increases at the applicable salary increase rate for the plan
11.24 specified in section 356.215, subdivision 8.

11.25 (c) The prior service credit purchase amount may not be less than the amount determined
11.26 by applying, for each year or fraction of a year being purchased, the sum of the employee
11.27 contribution rate, the employer contribution rate, and the additional employer contribution
11.28 rate, if any, applicable during that period, to the person's annual salary during that period,
11.29 or fractional portion of a year's salary, if applicable, plus interest at the applicable annual
11.30 rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,
11.31 compounded annually, from the end of the year in which contributions would otherwise
11.32 have been made to the date on which the payment is received.

11.33 (d) Unless otherwise provided by statutes governing a specific plan, payment must be
11.34 made in one lump sum within one year of the prior service credit authorization or prior to

12.1 the member's effective date of retirement, whichever is earlier. Payment of the amount
 12.2 calculated under this section must be made by the applicable eligible person.

12.3 (e) However, the current employer or the prior employer may, at its discretion, pay all
 12.4 or any portion of the payment amount that exceeds an amount equal to the employee
 12.5 contribution rates in effect during the period or periods of prior service applied to the actual
 12.6 salary rates in effect during the period or periods of prior service, plus interest at the
 12.7 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever
 12.8 applies, compounded annually, from the date on which the contributions would otherwise
 12.9 have been made to the date on which the payment is made. If the employer agrees to
 12.10 payments under this subdivision, the purchaser must make the employee payments required
 12.11 under this subdivision within 90 days of the prior service credit authorization. If that
 12.12 employee payment is made, the employer payment under this subdivision must be remitted
 12.13 to the chief administrative officer of the public pension plan within 60 days of receipt by
 12.14 the chief administrative officer of the employee payments specified under this subdivision.

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

12.16 Sec. 8. **DENTAL HYGIENIST AND RESIDENTIAL PROGRAM LEAD**
 12.17 **PERMITTED TO TRANSFER PRIOR MSRS-GENERAL SERVICE CREDIT.**

12.18 For the purposes of Minnesota Statutes, section 352.955, subdivision 1, paragraph (b),
 12.19 a person employed as a residential program lead or as a dental hygienist under Minnesota
 12.20 Statutes, section 352.91, subdivision 3f, must be determined to be a person who is covered
 12.21 by legislation implementing the recommendations under section 352.91, subdivision 4a.

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

12.23 Sec. 9. **TRANSFER OF PAST MINNESOTA STATE RETIREMENT SYSTEM**
 12.24 **GENERAL SERVICE CREDIT TO MINNESOTA STATE RETIREMENT SYSTEM**
 12.25 **CORRECTIONAL.**

12.26 Subdivision 1. Definitions. The following terms as used in this section have the meanings
 12.27 given in this subdivision:

12.28 (1) "Correctional plan" means the correctional employees retirement plan of the
 12.29 Minnesota State Retirement System.

12.30 (2) "Executive director" means the executive director of the Minnesota State Retirement
 12.31 System.

13.1 (3) "General plan" means the general state employees retirement plan of the Minnesota
13.2 State Retirement System.

13.3 (4) "Service credit" means time credited as allowable service under Minnesota Statutes,
13.4 section 352.01, subdivision 11, to an eligible person described in subdivision 3.

13.5 (5) "Transfer period" means the period from August 9, 2017, to December 22, 2020.

13.6 Subd. 2. **Transfer of past service credit authorized.** Notwithstanding any state law to
13.7 the contrary, an eligible person described in subdivision 3 who makes payment to the
13.8 correctional employees retirement fund, as permitted under subdivision 4, on or before one
13.9 year following the effective date of this section is entitled to have:

13.10 (1) the employer payment made on the eligible person's behalf under subdivision 5; and

13.11 (2) applicable past service credit transferred from the general plan to the correctional
13.12 plan for the transfer period under subdivision 6.

13.13 Subd. 3. **Eligible person.** An eligible person is a person who:

13.14 (1) is an employee of the Minnesota Department of Corrections;

13.15 (2) on August 9, 2017, was promoted to the position of corrections transitions program
13.16 coordinator, a position eligible to participate in the correctional plan; and

13.17 (3) from August 9, 2017, to December 22, 2020, was erroneously covered by the general
13.18 plan because the department misreported the person's retirement plan eligibility to the
13.19 Minnesota State Retirement System.

13.20 Subd. 4. **Payment by eligible person.** (a) An eligible person may pay to the executive
13.21 director the difference between the employee contribution rate for the general plan and the
13.22 employee contribution rate for the correctional plan for the transfer period. The difference
13.23 between the two rates must be applied to the eligible person's salary at the time that each
13.24 contribution would have been deducted from pay if the eligible person had been covered
13.25 by the correctional plan for the transfer period. The payment must include interest at the
13.26 applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision
13.27 2, calculated from the date that each contribution would have been deducted to the date that
13.28 payment is made.

13.29 (b) The payment under paragraph (a) must be made in a lump sum no later than one year
13.30 following the effective date. Upon receipt of the payment, the executive director must notify
13.31 the commissioner of corrections that payment was made and of the amount owed under
13.32 subdivision 5.

14.1 Subd. 5. **Payment by the Department of Corrections.** If an eligible person makes the
14.2 payment under subdivision 4, the Department of Corrections, on behalf of the eligible
14.3 person, shall pay to the Minnesota State Retirement System the actuarial present value of
14.4 the additional benefit resulting from the transferred service credit less the payment made
14.5 under subdivision 4. This amount must be paid by the department in a lump sum within 30
14.6 days after the date on which the executive director notifies the commissioner of corrections
14.7 under subdivision 4.

14.8 Subd. 6. **Transfer of assets and service credit.** (a) If the payments under subdivisions
14.9 4 and 5 are made, the executive director must transfer assets from the general state employees
14.10 retirement fund to the correctional employees retirement fund in an amount equal to the
14.11 actuarial present value of the benefits earned by the eligible person under the general plan
14.12 during the transfer period. The transfer of assets must be made within 15 days after receipt
14.13 of the payments under subdivisions 4 and 5.

14.14 (b) Upon transfer of the assets under paragraph (a), the eligible person shall have service
14.15 credit in the correctional plan and no service credit in the general plan for the transfer period.

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

14.17 Sec. 10. **PURCHASE OF SERVICE CREDIT AUTHORIZED FOR SURVIVOR**
14.18 **OF DECEASED EMPLOYEE.**

14.19 Subdivision 1. **Definitions.** For the purpose of this section, the following terms have
14.20 the meanings given:

14.21 (1) "executive director" means the executive director of the Minnesota State Retirement
14.22 System;

14.23 (2) "general plan" means the general state employees retirement plan of the Minnesota
14.24 State Retirement System;

14.25 (3) "service credit" means time credited as allowable service in the general plan under
14.26 Minnesota Statutes, section 352.01, subdivision 11; and

14.27 (4) "surviving spouse" means the surviving spouse of an eligible person described in
14.28 subdivision 3.

14.29 Subd. 2. **Purchase of service credit authorized.** Notwithstanding any state law to the
14.30 contrary, a surviving spouse may purchase service credit, as described under subdivision
14.31 4, on behalf of an eligible person. The surviving spouse may purchase only the amount of

15.1 service credit that is sufficient for the eligible person to be credited with a total of 60 months
15.2 of service credit.

15.3 Subd. 3. **Eligible person.** An eligible person is a person who:

15.4 (1) died in December 2020;

15.5 (2) was employed at or near the time of the person's death by the Minnesota Housing
15.6 Finance Agency; and

15.7 (3) is credited with no more than 59 months of service credit during the period from
15.8 February 1, 2016, to December 1, 2020.

15.9 Subd. 4. **Calculation of payment; payment.** (a) The executive director shall calculate
15.10 the amount of the purchase authorized under subdivision 2. The purchase amount is equal
15.11 to:

15.12 (1) 12.25 percent of the eligible person's final month of salary; and

15.13 (2) interest on the amount under clause (1) at the applicable annual rate or rates specified
15.14 in Minnesota Statutes, section 356.59, subdivision 2, compounded annually from January
15.15 1, 2021, to the date that payment is made.

15.16 (b) If the surviving spouse elects to pay the purchase amount under paragraph (a), the
15.17 purchase amount must be paid to the executive director in a lump sum within one year of
15.18 the effective date of this section.

15.19 Subd. 5. **Entitlement to annuity.** Upon payment under subdivision 4, the executive
15.20 director must credit the eligible person with the purchased service credit and the surviving
15.21 spouse is entitled to elect an annuity under Minnesota Statutes, section 352.12, subdivision
15.22 2, paragraph (a), (c), or (d), as applicable. If the surviving spouse elects to receive an annuity
15.23 under Minnesota Statutes, section 352.12, subdivision 2, paragraph (a) or (c), the surviving
15.24 spouse may elect a start date that is as early as January 1, 2021.

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

15.26 **ARTICLE 2**

15.27 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

15.28 Section 1. Minnesota Statutes 2021 Supplement, section 353.01, subdivision 2b, is amended
15.29 to read:

15.30 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
15.31 participate as members of the association with retirement coverage by the general employees

16.1 retirement plan, the local government correctional employees retirement plan under chapter
16.2 353E, or the public employees police and fire retirement plan:

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

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

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

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

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

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

16.24 (7) employees who by virtue of their employment in one governmental subdivision are
16.25 required by law to be a member of and to contribute to any of the plans or funds administered
16.26 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
16.27 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
16.28 prevent a person from being a member of and contributing to the Public Employees
16.29 Retirement Association and also belonging to and contributing to another public pension
16.30 plan or fund for other service occurring during the same period of time, and a person who
16.31 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
16.32 during the same period of time becomes a member of the association unless contributions
16.33 are made to another public retirement plan on the salary based on the other service or to the
16.34 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

17.6 (9) persons who are:

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

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

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

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

17.19 (11) for the first three years of employment, foreign citizens who are employed by a
17.20 governmental subdivision, except that the following foreign citizens must be considered
17.21 included employees under subdivision 2a:

17.22 (i) H-1B, H-1B1, and E-3 status holders;

17.23 (ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

17.24 (iii) employees legally authorized to work in the United States for three years or more;
17.25 and

17.26 (iv) employees otherwise required to participate under federal law;

17.27 (12) public hospital employees who elected not to participate as members of the
17.28 association before 1972 and who did not elect to participate from July 1, 1988, to October
17.29 1, 1988;

17.30 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
17.31 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
17.32 may still qualify as public employees under subdivision 2 and may be members of the Public

18.1 Employees Retirement Association and participants in the general employees retirement
18.2 plan or the public employees police and fire plan, whichever applies, on the basis of
18.3 compensation received from public employment service other than service as volunteer
18.4 ambulance service personnel;

18.5 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
18.6 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
18.7 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
18.8 and may be a member of the Public Employees Retirement Association and a participant
18.9 in the general employees retirement plan or the public employees police and fire plan,
18.10 whichever applies, on the basis of compensation received from public employment activities
18.11 other than those as a volunteer firefighter;

18.12 (15) employees in the building and construction trades, as follows:

18.13 (i) pipefitters and associated trades personnel employed by Independent School District
18.14 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
18.15 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
18.16 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
18.17 12;

18.18 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed
18.19 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage
18.20 under a collective bargaining agreement by the electrical workers local 110 pension plan,
18.21 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either
18.22 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be
18.23 excluded under Laws 2000, chapter 461, article 7, section 5;

18.24 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
18.25 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School
18.26 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
18.27 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633
18.28 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied
18.29 trades local 61 pension plan, or the plasterers local 265 pension plan who were either first
18.30 employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded
18.31 under Laws 2001, First Special Session chapter 10, article 10, section 6;

18.32 (iv) plumbers employed by the Metropolitan Airports Commission, with coverage under
18.33 a collective bargaining agreement by the plumbers local 34 pension plan, who were either

19.1 first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be
19.2 excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

19.3 (v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation
19.4 Board, with coverage under a collective bargaining agreement by the electrical workers
19.5 local 292 pension plan or the pipefitters local 539 pension plan, who were first employed
19.6 before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11,
19.7 section 5;

19.8 (vi) laborers and associated trades personnel employed by the city of St. Paul or
19.9 Independent School District No. 625, St. Paul, who are designated as temporary employees
19.10 with coverage under a collective bargaining agreement by a multiemployer plan as defined
19.11 in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018,
19.12 or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter
19.13 211, article 16, section 13; and

19.14 (vii) employees who are trades employees as defined in section 356.27, subdivision 1,
19.15 first hired on or after July 1, 2020, by the city of St. Paul or Independent School District
19.16 No. 625, St. Paul, except for any trades employee for whom contributions are made under
19.17 section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer
19.18 plan as defined in section 356.27, subdivision 1;

19.19 (16) employees who are hired after June 30, 2002, solely to fill seasonal positions under
19.20 subdivision 12b which are limited in duration by the employer to a period of six months or
19.21 less in each year of employment with the governmental subdivision;

19.22 (17) persons who are provided supported employment or work-study positions by a
19.23 governmental subdivision and who participate in an employment or industries program
19.24 maintained for the benefit of these persons where the governmental subdivision limits the
19.25 position's duration to up to five years, including persons participating in a federal or state
19.26 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
19.27 relief program where the training or work experience is not provided as a part of, or for,
19.28 future permanent public employment;

19.29 (18) independent contractors and the employees of independent contractors;

19.30 (19) reemployed annuitants of the association during the course of that reemployment;

19.31 (20) persons appointed to serve on a board or commission of a governmental subdivision
19.32 or an instrumentality thereof; ~~and~~

20.1 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
 20.2 Transit Commission who are members of the International Brotherhood of Teamsters Local
 20.3 638 and who are, by virtue of that employment, members of the International Brotherhood
 20.4 of Teamsters Central States pension plan; and

20.5 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who
 20.6 are members of the Teamsters General Local Union 346 and who are, by virtue of that
 20.7 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

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

20.11 **EFFECTIVE DATE.** This section is effective on the date the persons employed by the
 20.12 Duluth Transit Authority or any subdivision thereof become public employees as defined
 20.13 in Minnesota Statutes, section 353.01, subdivision 2.

20.14 Sec. 2. Minnesota Statutes 2020, section 353.34, is amended by adding a subdivision to
 20.15 read:

20.16 Subd. 3c. **Segmented annuities.** (a) If a person who is entitled to an annuity has more
 20.17 than one period of uninterrupted service, the person is entitled to augmentation under
 20.18 subdivision 3, applied to each period of uninterrupted service. The average salary used to
 20.19 calculate the annuity for each period of uninterrupted service must be applied as if the person
 20.20 was a new employee at the beginning of each period of uninterrupted service. The actuarial
 20.21 assumptions used to calculate the annuity must be those in effect on the effective date of
 20.22 retirement.

20.23 (b) For the purpose of this subdivision, "uninterrupted service" means periods of covered
 20.24 employment during which the person has not been separated from public service for more
 20.25 than two years.

20.26 (c) If a person repays a refund, the restored service must be considered as continuous
 20.27 with the next period of service for which the person has credit with the association.

20.28 (d) This subdivision applies to persons who become deferred annuitants on or after July
 20.29 1, 1971. For a person who became a deferred annuitant before July 1, 1971, the paragraph
 20.30 applies from July 1, 1971, if the former active member applies for an annuity after July 1,
 20.31 1973.

20.32 (e) This subdivision must not reduce the annuity otherwise payable under this chapter.

21.1 **EFFECTIVE DATE.** This section is effective July 1, 2022.

21.2 Sec. 3. **RETROACTIVE IMPLEMENTATION.**

21.3 (a) For the purpose of this section, "eligible retiree" means a person:

21.4 (1) who began to receive a retirement annuity under Minnesota Statutes, chapter 353 or
21.5 353E, after June 30, 2018, and before the effective date;

21.6 (2) who at the time of the person's annuity start date would have been entitled to
21.7 augmentation for more than one period of uninterrupted service had section 2 been in effect
21.8 at the annuity start date; and

21.9 (3) for whom a retirement annuity calculated under section 2 is greater than the retirement
21.10 annuity to which the person was entitled on the annuity start date.

21.11 (b) Within 90 days following the effective date, the executive director of the Public
21.12 Employees Retirement Association must notify each eligible retiree of the monthly amount
21.13 of the annuity to which the eligible retiree would have been entitled had section 2 been in
21.14 effect at the eligible retiree's annuity start date. The notice must include the corresponding
21.15 monthly amounts payable under any optional forms of annuity to which the eligible retiree
21.16 was entitled at the annuity start date and is entitled on the date of the notice.

21.17 (c) For each eligible retiree, the executive director must adjust the ongoing annuity
21.18 amount so that it is the amount calculated under section 2, taking into account any election
21.19 of any optional annuity forms of payment and any postretirement increases.

21.20 (d) The executive director must offer a lump-sum distribution to the eligible retiree of
21.21 the difference between the monthly amount determined under section 2 and the monthly
21.22 amount being paid to the eligible retiree, multiplied by the number of monthly payments
21.23 made to the eligible retiree before the annuity calculated under section 2 begins. The lump
21.24 sum must be adjusted to take into account any election of any optional annuity forms of
21.25 payment and any postretirement increases. The eligible retiree may elect a distribution of
21.26 the lump sum or a direct rollover under Minnesota Statutes, section 356.635, subdivisions
21.27 3 to 7, if the lump sum is an eligible rollover distribution as defined in Minnesota Statutes,
21.28 section 356.635, subdivisions 4 and 5.

21.29 **EFFECTIVE DATE.** This section is effective July 1, 2022.

23.1 calendar years 2022, 2023, and 2024 and annuity payments made during calendar years
 23.2 2023, 2024, and 2025.

23.3 Subd. 3. **Expiration date.** This section expires effective January 1, 2026.

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

23.5 **ARTICLE 4**

23.6 **VOLUNTEER FIREFIGHTER RETIREMENT**

23.7 Section 1. Minnesota Statutes 2020, section 353G.01, subdivision 7, is amended to read:

23.8 Subd. 7. ~~Good time Service credit.~~ "Good time Service credit" means the length of
 23.9 service credit for an active firefighter that is reported by the applicable fire chief based on
 23.10 the minimum firefighter activity standards of the fire department. The credit may be reported
 23.11 on an annual or monthly basis.

23.12 **EFFECTIVE DATE.** This section is effective January 1, 2023.

23.13 Sec. 2. Minnesota Statutes 2020, section 353G.01, subdivision 9a, is amended to read:

23.14 Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief
 23.15 association established under chapter 424A, including a volunteer firefighter relief association
 23.16 to which records, assets, and liabilities related to lump-sum or monthly benefits for active
 23.17 and former firefighters will be transferred from the retirement fund upon satisfaction of the
 23.18 requirements of section 353G.17.

23.19 **EFFECTIVE DATE.** This section is effective January 1, 2023.

23.20 Sec. 3. Minnesota Statutes 2020, section 353G.05, subdivision 1, is amended to read:

23.21 Subdivision 1. **Entities eligible to request coverage.** (a) A relief association or a
 23.22 municipality or independent nonprofit firefighting corporation affiliated with a relief
 23.23 association may elect to have its volunteer firefighters covered by the lump-sum retirement
 23.24 division, if the volunteer firefighters for whom coverage is being requested are covered by
 23.25 a relief association that is a lump-sum defined benefit relief association or a defined
 23.26 contribution relief association governed by chapter 424A.

23.27 (b) A relief association or a municipality or independent nonprofit firefighting corporation
 23.28 affiliated with a relief association may elect to have its volunteer firefighters covered by
 23.29 the lump-sum retirement division or the monthly benefit retirement division of the retirement
 23.30 plan, if the volunteer firefighters for whom coverage is being requested are covered by a

24.1 relief association that is a monthly benefit defined benefit relief association governed by
24.2 chapter 424A.

24.3 ~~(b)~~ (c) A municipality or independent nonprofit firefighting corporation that is not
24.4 affiliated with a relief association may elect to have its volunteer firefighters covered by
24.5 the lump-sum retirement division of the retirement plan.

24.6 **EFFECTIVE DATE.** This section is effective January 1, 2023.

24.7 Sec. 4. Minnesota Statutes 2020, section 353G.05, is amended by adding a subdivision to
24.8 read:

24.9 Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to
24.10 make a request for coverage may initiate the process of obtaining coverage by filing a request
24.11 with the executive director, as described in this subdivision.

24.12 (b) The request for coverage must be in writing and on a form prescribed by the executive
24.13 director.

24.14 (c) In the request for coverage, the entity must identify the desired service pension
24.15 amount and select a vesting schedule from the following options:

24.16 (1) incremental vesting beginning with 40 percent vested after completing five years of
24.17 active service and increasing by four percent upon completion of each additional year of
24.18 active service, until 100 percent vested upon completion of 20 years of active service;

24.19 (2) incremental vesting beginning with 40 percent vested after completing five years of
24.20 active service and increasing by 12 percent upon completion of each additional year of
24.21 active service, until 100 percent vested upon completion of 10 years of active service; or

24.22 (3) incremental vesting beginning with 40 percent vested after completing 10 years of
24.23 active service and increasing by six percent upon completion of each additional year of
24.24 active service, until 100 percent vested upon completion of 20 years of active service.

24.25 The entity must not select a vesting schedule that requires more years of service to
24.26 become partially or fully vested than the vesting schedule in effect under the former affiliated
24.27 relief association, if any.

24.28 (d) If the request for coverage is for volunteer firefighters covered by a monthly benefit
24.29 defined benefit relief association, the entity making the request must elect coverage either
24.30 by the monthly benefit retirement division or by the lump-sum retirement division.

24.31 (e) If the request for coverage is for volunteer firefighters covered by a relief association
24.32 that provides both a monthly benefit and a lump-sum benefit, the entity making the request

25.1 must elect coverage by the monthly benefit retirement division, the lump-sum retirement
 25.2 division, or by both divisions.

25.3 (f) If the request for coverage is for volunteer firefighters covered by a relief association
 25.4 with a retirement plan governed by chapter 424A, the secretary of the relief association,
 25.5 following approval of the request by the board of the relief association, and the chief
 25.6 administrative officer of the entity affiliated with the relief association, following approval
 25.7 of the request by the governing body of the entity, must jointly make the request. If the
 25.8 relief association is affiliated with more than one entity, the chief administrative officer of
 25.9 each affiliated entity must execute the request.

25.10 (g) If the request for coverage is for volunteer firefighters who are not covered by a
 25.11 relief association, the chief administrative officer of the entity operating the fire department
 25.12 must make the request.

25.13 **EFFECTIVE DATE.** This section is effective January 1, 2023.

25.14 Sec. 5. Minnesota Statutes 2020, section 353G.05, subdivision 2, is amended to read:

25.15 Subd. 2. ~~Election of coverage;~~ Cost analysis for coverage by the lump sum
 25.16 division. (a) ~~The process for electing coverage of volunteer firefighters by the lump-sum~~
 25.17 ~~retirement division is initiated by a request to the executive director for a cost analysis of~~
 25.18 ~~the prospective retirement coverage under the lump-sum retirement division.~~ Upon receipt
 25.19 of a request for coverage by the lump-sum division, the executive director must prepare a
 25.20 cost analysis as described in this subdivision.

25.21 ~~(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter~~
 25.22 ~~relief association or a defined contribution volunteer firefighter relief association governed~~
 25.23 ~~by chapter 424A, the cost analysis of the prospective retirement coverage must be requested~~
 25.24 ~~jointly by the secretary of the volunteer firefighter relief association, following approval of~~
 25.25 ~~the request by the board of the volunteer firefighter relief association, and the chief~~
 25.26 ~~administrative officer of the entity associated with the relief association, following approval~~
 25.27 ~~of the request by the governing body of the entity associated with the relief association. If~~
 25.28 ~~the relief association is associated with more than one entity, the chief administrative officer~~
 25.29 ~~of each associated entity must execute the request. If the volunteer firefighters are not~~
 25.30 ~~currently covered by a volunteer firefighter relief association, the cost analysis of the~~
 25.31 ~~prospective retirement coverage must be requested by the chief administrative officer of~~
 25.32 ~~the entity operating the fire department. The request must be made in writing and must be~~
 25.33 ~~made on a form prescribed by the executive director.~~

26.1 ~~(e)~~ (b) The cost analysis ~~of the prospective retirement coverage by the lump-sum~~
 26.2 ~~retirement division of the statewide retirement plan~~ under this subdivision must be based
 26.3 on:

26.4 (1) the service pension amount under section 353G.11 closest to the service pension
 26.5 amount provided by the ~~volunteer firefighter~~ relief association if the relief association is a
 26.6 lump-sum defined benefit plan, ~~or the~~ an amount that is equal to 95 percent of the most
 26.7 current average account balance per relief association member if the relief association is a
 26.8 defined contribution plan, ~~to~~ the lowest service pension amount under section 353G.11
 26.9 if there is no ~~volunteer firefighter~~ relief association, rounded up; ~~and any other~~

26.10 (2) if different than the amount under clause (1), the service pension amount ~~designated~~
 26.11 ~~by the requester or requesters~~ identified in the request under subdivision 1a.

26.12 (c) The cost analysis must take into account the vesting option selected in the request
 26.13 under subdivision 1a.

26.14 (d) The cost analysis must be prepared using a mathematical procedure certified as
 26.15 accurate by an approved actuary retained by the Public Employees Retirement Association.

26.16 ~~(d)~~ (e) If the request for coverage was made by a ~~cost analysis is requested and a volunteer~~
 26.17 ~~firefighters~~ relief association exists that has filed the information required under section
 26.18 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall
 26.19 provide the most recent data available on the financial condition of the ~~volunteer firefighter~~
 26.20 relief association, the most recent firefighter demographic data available, and a copy of the
 26.21 current relief association bylaws. If a cost analysis is requested, but no ~~volunteer firefighter~~
 26.22 relief association exists, the chief administrative officer of the entity operating the fire
 26.23 department shall provide the demographic information on the volunteer firefighters serving
 26.24 as members of the fire department requested by the executive director.

26.25 **EFFECTIVE DATE.** This section is effective January 1, 2023.

26.26 Sec. 6. Minnesota Statutes 2020, section 353G.05, subdivision 3, is amended to read:

26.27 Subd. 3. ~~Election of coverage;~~ Cost analysis for coverage by the monthly benefit
 26.28 retirement division. ~~(a) The process for electing coverage of volunteer firefighters by the~~
 26.29 ~~monthly retirement division is initiated by a request to the executive director for an actuarial~~
 26.30 ~~cost analysis of the prospective retirement coverage under the monthly benefit retirement~~
 26.31 ~~division. This request must be made by the secretary of the volunteer firefighter relief~~
 26.32 ~~association and the chief administrative officer of the entity associated with the relief~~
 26.33 ~~association, both of which must first obtain approval of the request from their respective~~

27.1 ~~municipal governing body or independent nonprofit firefighting corporation. The request~~
 27.2 ~~must be made in writing and must be made on a form prescribed by the executive director.~~

27.3 ~~(b) Coverage by the monthly benefit retirement division may only be elected if the~~
 27.4 ~~volunteer firefighters are covered by a monthly benefit volunteer firefighter relief association~~
 27.5 ~~governed by chapter 424A.~~

27.6 ~~(e) (a) Upon receipt of a request for coverage by the monthly benefit retirement division,~~
 27.7 ~~the executive director must prepare a cost analysis as described in this subdivision.~~

27.8 ~~(b) The cost analysis under paragraph (a) this subdivision~~ must be prepared by the
 27.9 approved actuary retained by the Public Employees Retirement Association. The cost
 27.10 analysis must be based on:

27.11 (1) the monthly service pension amount and other retirement benefit types and amounts
 27.12 in effect for the ~~volunteer firefighter~~ relief association as of the date of the request ~~and any~~
 27.13 ~~other;~~

27.14 (2) if different than the amount or amounts designated by the requesters, as disclosed
 27.15 under clause (1), the monthly pension amount identified in the request under subdivision
 27.16 1a and evaluated in a special actuarial valuation prepared under sections 356.215 and
 27.17 356.216; and

27.18 ~~(2) (3) the standards for actuarial work;~~ and the actuarial assumptions utilized in the
 27.19 most recent ~~prior~~ actuarial valuation, except that the applicable investment return actuarial
 27.20 assumption is six percent.

27.21 ~~(c) The cost analysis must take into account the vesting option selected in the request~~
 27.22 ~~under subdivision 1a.~~

27.23 (d) The secretary of the ~~volunteer firefighter~~ relief association making the request must
 27.24 supply the demographic and financial data necessary for the cost analysis to be prepared.

27.25 **EFFECTIVE DATE.** This section is effective January 1, 2023.

27.26 Sec. 7. Minnesota Statutes 2020, section 353G.09, subdivision 1, is amended to read:

27.27 Subdivision 1. **Entitlement.** ~~Except as provided in subdivision 3, An active~~ (a) A member
 27.28 of the retirement plan is entitled to a service pension from the retirement plan if the person
 27.29 member:

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

27.31 (2) has attained the age of at least 50 years;

28.1 (3) ~~has completed at least five years of good time service credit as a member of the~~
 28.2 ~~retirement plan if the person is a member of the lump-sum retirement division or has~~
 28.3 ~~completed at least the minimum number of years of good time service credit as a member~~
 28.4 ~~of the retirement plan specified in the retirement benefit plan document attributable to the~~
 28.5 ~~applicable fire department if the person is a member of the monthly benefit retirement~~
 28.6 ~~division~~ satisfied the minimum service requirement in paragraph (b); and

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

28.8 (b) A member satisfies the minimum service requirement if the member meets at least
 28.9 one of the following requirements:

28.10 (1) the member is at least 40 percent vested based on years of service as a member of
 28.11 the retirement plan;

28.12 (2) the member is at least 40 percent vested based on years of service with the fire
 28.13 department and the total number of years of service as a member of the former affiliated
 28.14 relief association plus years of service as a member of the retirement plan is at least five;
 28.15 or

28.16 (3) the member has completed at least the minimum number of years of service as a
 28.17 member of the retirement plan specified in the retirement benefit plan document attributable
 28.18 to the applicable fire department if the person is a member of the monthly benefit retirement
 28.19 division.

28.20 **EFFECTIVE DATE.** This section is effective January 1, 2023.

28.21 Sec. 8. Minnesota Statutes 2020, section 353G.09, subdivision 2, is amended to read:

28.22 **Subd. 2. Vesting schedule; nonforfeitable portion of service pension.** (a) ~~If~~ Except
 28.23 as provided in paragraphs (c) and (d), an active member of the lump-sum retirement division
 28.24 ~~has completed less than 20 years of good time service credit as a member of the lump-sum~~
 28.25 ~~retirement division of the plan, the person's entitlement~~ is entitled to a service pension is
 28.26 equal to the nonforfeitable percentage of the applicable service pension amount, taking into
 28.27 account years of service as a member of the retirement plan plus years of service as a member
 28.28 of the former affiliated relief association, if any, as follows:

28.29	Completed years of good time service	Nonforfeitable percentage of the service
28.30	credit	pension
28.31	<u>less than 5</u>	<u>0 percent</u>
28.32	5	40 percent
28.33	6	44 percent

29.1	7	48 percent
29.2	8	52 percent
29.3	9	56 percent
29.4	10	60 percent
29.5	11	64 percent
29.6	12	68 percent
29.7	13	72 percent
29.8	14	76 percent
29.9	15	80 percent
29.10	16	84 percent
29.11	17	88 percent
29.12	18	92 percent
29.13	19	96 percent

29.14 (b) If an active member of the monthly benefit retirement division has completed less
 29.15 than 20 years of ~~good time~~ service credit as a member of the monthly benefit retirement
 29.16 division of the plan, the person's entitlement to a service pension must be governed by the
 29.17 retirement benefit plan document attributable to the applicable fire department.

29.18 (c) A person described in paragraph (d) is entitled to the vested portion of the service
 29.19 pension as determined by applying the vesting schedule selected in the request for coverage
 29.20 under section 353G.05, subdivision 1a, taking into account years of service as a member
 29.21 of the retirement plan plus years of service as a member of the former affiliated relief
 29.22 association, if any.

29.23 (d) A person is described in this paragraph if the person becomes a member of the
 29.24 lump-sum retirement division in connection with the transfer of coverage from a relief
 29.25 association to the retirement plan on or after January 1, 2023, or in connection with a
 29.26 municipality or independent nonprofit firefighting corporation joining the retirement plan
 29.27 on or after January 1, 2023.

29.28 **EFFECTIVE DATE.** This section is effective January 1, 2023.

29.29 Sec. 9. Minnesota Statutes 2021 Supplement, section 353G.11, subdivision 1, is amended
 29.30 to read:

29.31 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as
 29.32 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides
 29.33 the following levels of service pension amounts per full year of good time service credit to
 29.34 be selected at the election of coverage:

- 30.1 (1) a minimum service pension level of \$500 per year;
- 30.2 (2) a maximum service pension level equal to the ~~largest~~ maximum lump-sum service
- 30.3 pension amount permitted under section 424A.02, ~~subdivision 2e~~ subdivision 3, as a
- 30.4 ~~maximum lump-sum service pension amount~~ payable for each year of service; and
- 30.5 (3) service pension levels between the minimum level and the maximum level in \$100
- 30.6 increments.

30.7 **EFFECTIVE DATE.** This section is effective January 1, 2023.

30.8 Sec. 10. Minnesota Statutes 2020, section 424A.003, is amended to read:

30.9 **424A.003 CERTIFICATION OF SERVICE CREDIT.**

30.10 (a) When a municipal fire department, a joint powers fire department, or an independent

30.11 nonprofit firefighting corporation is directly associated with the volunteer firefighters relief

30.12 association, the fire chief shall certify annually by March 31 the service credit for the

30.13 previous calendar year of each volunteer firefighter rendering active service with the fire

30.14 department.

30.15 (b) The certification shall be made to an officer of the relief association's board of trustees

30.16 and to the municipal clerk or clerk-treasurer of the largest municipality in population served

30.17 by the associated fire department.

30.18 (c) The fire chief shall notify each volunteer firefighter rendering active service with

30.19 the fire department of the amount of service credit rendered by the firefighter for the previous

30.20 calendar year. Upon request, the fire chief shall provide the firefighter with a written

30.21 explanation and documentation to support the determination of service credit. The service

30.22 credit notification and a description of the process and deadlines for the firefighter to

30.23 challenge the fire chief's determination of service credit must be provided to the firefighter

30.24 at least 21 days prior to its certification to the relief association and municipality. If the

30.25 service credit amount is challenged, the fire chief shall accept and consider any additional

30.26 pertinent information and shall make a final determination of service credit.

30.27 (d) The service credit certification must be expressed as the number of completed months

30.28 of the previous year during which an active volunteer firefighter rendered at least the

30.29 minimum level of duties as specified and required by the fire department under the rules,

30.30 regulations, and policies applicable to the fire department. No more than one year of service

30.31 credit may be certified for a calendar year.

31.1 (e) If a volunteer firefighter who is a member of the relief association leaves active
 31.2 firefighting service to render active military service that is required to be governed by the
 31.3 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
 31.4 firefighter must be certified as providing service credit for the period of the military service,
 31.5 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
 31.6 Rights Act. If the volunteer firefighter does not return from the military service in compliance
 31.7 with the federal Uniformed Services Employment and Reemployment Rights Act, the service
 31.8 credits applicable to that military service credit period are forfeited and canceled at the end
 31.9 of the calendar year in which the time limit set by federal law occurs.

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

31.11 Sec. 11. Minnesota Statutes 2020, section 424A.015, subdivision 2, is amended to read:

31.12 Subd. 2. **No assignment or garnishment.** Except as provided in sections 424A.05,
 31.13 518.58, 518.581, and 518A.53:

31.14 (1) a service pension or ancillary benefits paid or payable from the special fund of a
 31.15 relief association to any person receiving or entitled to receive a service pension or ancillary
 31.16 benefits is not subject to garnishment, judgment, execution, or other legal process, ~~except~~
 31.17 ~~as provided in section 518.58, 518.581, or 518A.53;~~ and

31.18 (2) no person entitled to a service pension or ancillary benefits from the special fund of
 31.19 a relief association may assign any service pension or ancillary benefit payments, and the
 31.20 association does not have the authority to recognize any assignment or pay over any sum
 31.21 which has been assigned.

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

31.23 Sec. 12. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3, is amended
 31.24 to read:

31.25 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph
 31.26 (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in
 31.27 its bylaws a service pension amount above the following maximum amounts:

31.28 (1) for a defined benefit relief association in which the governing bylaws provide for a
 31.29 monthly benefit service pension as an alternative form of service pension payment to a
 31.30 lump-sum service pension, the maximum monthly service pension amount for each pension
 31.31 payment type must be determined using the applicable table contained in subdivision 2b or
 31.32 2c, per month for each year of service credited is the lesser of \$100 or the maximum monthly

32.1 service pension amount that could be adopted by the relief association as a bylaws amendment
32.2 that satisfies section 424A.093, subdivision 6, paragraph (d); and

32.3 (2) for a defined benefit relief association in which the governing bylaws provide for a
32.4 lump-sum service pension, the maximum lump-sum service pension amount for each year
32.5 of service credited is the lesser of \$15,000 or the maximum lump-sum service pension
32.6 amount that could be adopted by the relief association as a bylaws amendment that satisfies
32.7 section 424A.092, subdivision 6, paragraph (e).

32.8 ~~(b) If a defined benefit relief association establishes a service pension in compliance~~
32.9 ~~with the applicable maximum contained in subdivision 2b or 2c and the minimum average~~
32.10 ~~amount of available financing per active covered firefighter is subsequently reduced because~~
32.11 ~~of a reduction in fire state aid or because of an increase in the number of active firefighters,~~
32.12 ~~the relief association may continue to provide the prior service pension amount specified~~
32.13 ~~in its bylaws, but may not increase the service pension amount until the minimum average~~
32.14 ~~amount of available financing per firefighter under the table in subdivision 2b or 2c,~~
32.15 ~~whichever applies, permits.~~

32.16 ~~(c) No defined benefit relief association is authorized to provide a service pension in an~~
32.17 ~~amount greater than the largest applicable flexible service pension maximum amount even~~
32.18 ~~if the amount of available financing per firefighter is greater than the financing amount~~
32.19 ~~associated with the largest applicable flexible service pension maximum.~~

32.20 (b) A defined benefit relief association may set in its bylaws a service pension amount
32.21 that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only
32.22 if the service pension amount has been ratified by the municipality.

32.23 (1) For a defined benefit relief association that pays a monthly service pension, the
32.24 maximum monthly service pension amount per month for each year of service credited is
32.25 \$100.

32.26 (2) For a defined benefit relief association that pays a lump-sum service pension, the
32.27 maximum lump-sum service pension amount for each year of service credited is \$15,000.

32.28 ~~(d)~~ (c) The method of calculating service pensions must be applied uniformly for all
32.29 years of active service. Credit must be given for all years of active service, unless the bylaws
32.30 of the relief association provide that service credit is not given for:

32.31 (1) years of active service in excess of caps on service credit; or

32.32 (2) years of active service earned by a former member who:

33.1 (i) has ceased duties as a volunteer firefighter with the fire department before becoming
33.2 vested under subdivision 2; and

33.3 (ii) has not resumed active service with the fire department and active membership in
33.4 the relief association for a period as defined in the relief association's bylaws, of not less
33.5 than five years.

33.6 **EFFECTIVE DATE.** This section is effective January 1, 2023.

33.7 Sec. 13. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3a, is amended
33.8 to read:

33.9 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
33.10 defined benefit relief association pays a service pension greater than the applicable maximum
33.11 service pension associated with the applicable average amount of available financing per
33.12 active covered firefighter under the table in subdivision 2b or 2e, whichever applies, the
33.13 maximum service pension under subdivision 3, paragraph (b), or the applicable maximum
33.14 service pension amount specified in subdivision 3, paragraph (c), whichever is less, the state
33.15 auditor shall must notify the relief association that the service pension paid is greater than
33.16 the applicable maximum service pension and that the penalty under this subdivision will
33.17 be imposed, unless the relief association reduces the service pension amount to an amount
33.18 that is not greater than the applicable maximum service pension amount and recovers the
33.19 overpaid service pension. If the service pension amount is not reduced and the overpayment
33.20 is not recovered, the state auditor must:

33.21 (1) disqualify the municipality or the independent nonprofit firefighting corporation
33.22 associated with the relief association from receiving fire state aid by making the appropriate
33.23 notification to the municipality and the commissioner of revenue, with the disqualification
33.24 applicable for the next apportionment and payment of fire state aid; and

33.25 (2) order the treasurer of the applicable relief association to recover the amount of the
33.26 overpaid service pension or pensions from any retired firefighter who received an
33.27 overpayment.

33.28 (b) Fire state aid amounts from disqualified municipalities for the period of
33.29 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
33.30 insurance premium tax proceeds available for the next subsequent fire state aid
33.31 apportionment.

34.1 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
34.2 (2), must be credited to the amount of fire insurance premium tax proceeds available for
34.3 the next subsequent fire state aid apportionment.

34.4 (d) The determination of the state auditor that a relief association has paid a service
34.5 pension greater than the applicable maximum must be made on the basis of the information
34.6 filed by the relief association and the municipality with the state auditor under this chapter
34.7 and any other relevant information that comes to the attention of the state auditor. The
34.8 determination of the state auditor is final. An aggrieved municipality, relief association, or
34.9 person may appeal the determination under section 480A.06.

34.10 (e) The state auditor may certify, upon learning that a relief association overpaid a service
34.11 pension based on an error in the maximum service pension calculation, the municipality or
34.12 independent nonprofit firefighting corporation associated with the relief association for fire
34.13 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
34.14 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
34.15 (c), all overpayments recovered under this paragraph must be credited to the relief
34.16 association's special fund.

34.17 **EFFECTIVE DATE.** This section is effective January 1, 2023.

34.18 Sec. 14. Minnesota Statutes 2020, section 424A.05, subdivision 3, is amended to read:

34.19 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
34.20 special fund may not be made for any purpose other than one of the following:

34.21 (1) for the payment of service pensions to retired members of the relief association if
34.22 authorized and paid under law and the bylaws governing the relief association;

34.23 (2) for the purchase of an annuity for the applicable person under section 424A.015,
34.24 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's
34.25 individual retirement account under section 424A.015, subdivision 4, or to the applicable
34.26 person's account in the Minnesota deferred compensation plan under section 424A.015,
34.27 subdivision 5;

34.28 (3) for the payment of temporary or permanent disability benefits to disabled members
34.29 of the relief association if authorized and paid under law and specified in amount in the
34.30 bylaws governing the relief association;

34.31 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate
34.32 of the deceased active or deferred firefighter, if authorized and paid under law and specified
34.33 in amount in the bylaws governing the relief association;

35.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
 35.2 Department Association and to the Minnesota State Fire Chiefs Association in order to
 35.3 entitle relief association members to membership in and the benefits of these associations
 35.4 or organizations;

35.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
 35.6 Association, or an insurance company licensed by the state of Minnesota offering casualty
 35.7 insurance, in order to entitle relief association members to membership in and the benefits
 35.8 of the association or organization; ~~and~~

35.9 (7) for the payment of administrative expenses of the relief association as authorized
 35.10 under subdivision 3b.; and

35.11 (8) for the payment of a service pension to the former spouse of a member or former
 35.12 member of a relief association, if the former spouse is an alternate payee designated in a
 35.13 qualified domestic relations order under subdivision 5.

35.14 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
 35.15 by this section must be signed by the relief association treasurer and at least one other elected
 35.16 trustee who has been designated by the board of trustees to sign the checks or authorizations.
 35.17 A relief association may make disbursements authorized by this subdivision by electronic
 35.18 fund transfers only if the specific method of payment and internal control policies and
 35.19 procedures regarding the method are approved by the board of trustees.

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

35.21 Sec. 15. Minnesota Statutes 2020, section 424A.05, is amended by adding a subdivision
 35.22 to read:

35.23 Subd. 5. **Qualified domestic relations orders.** (a) A "qualified domestic relations order"
 35.24 means a domestic relations order that creates or recognizes the existence of an alternate
 35.25 payee's right to or assigns to an alternate payee the right to receive a service pension that is
 35.26 all or any portion of the service pension payable with respect to a member or former member
 35.27 of a relief association.

35.28 (b) An "alternate payee" means the former spouse of a member or former member of a
 35.29 relief association, including a former spouse who is a distributee as defined in section
 35.30 356.635, subdivision 7, clause (3).

35.31 (c) A relief association must comply with a qualified domestic relations order purporting
 35.32 to assign all or a portion of a service pension accrued under the retirement plan of the relief
 35.33 association, to the extent vested, if the payment or payments required by the order are within

36.1 the limits described in section 518.58, subdivision 4, paragraph (a), clauses (1) to (4). For
 36.2 the purpose of applying section 518.58, subdivision 4, paragraph (a), "plan" or "pension
 36.3 plan" as used in paragraph (a) means the articles or bylaws of the relief association and
 36.4 chapter 424A, as applicable to the relief association.

36.5 (d) Notwithstanding any state law to the contrary, the bylaws of a relief association may
 36.6 permit distribution to an alternate payee under a qualified domestic relations order:

36.7 (1) as early as administratively practicable after the order is received by the relief
 36.8 association, even if the member whose service pension is being assigned to the alternate
 36.9 payee under the order has not yet reached age 50 or separated from active service with the
 36.10 fire department affiliated with the relief association; and

36.11 (2) in a lump sum, even if the relief association is a defined benefit relief association
 36.12 that pays monthly service pensions under section 424A.093.

36.13 (e) If the service pension is an eligible rollover distribution as defined in section 356.635,
 36.14 subdivisions 4 and 5, the relief association must permit the alternate payee to elect a direct
 36.15 rollover, as provided under section 356.635, subdivisions 3 to 7.

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

36.17 Sec. 16. Minnesota Statutes 2021 Supplement, section 424A.091, subdivision 3, is amended
 36.18 to read:

36.19 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
 36.20 there exists a firefighters relief association as specified in subdivision 1 which does not
 36.21 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
 36.22 of any applicable special law relating to the funding or financing of the association does
 36.23 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
 36.24 chapter 477B until the reason for the disqualification specified by the state auditor is
 36.25 remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled
 36.26 to again receive fire state aid for the year occurring immediately subsequent to the year in
 36.27 which the disqualification is remedied.

36.28 (b) The state auditor shall determine if a municipality to which a firefighters' relief
 36.29 association is directly associated or a firefighters relief association fails to comply with the
 36.30 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
 36.31 applicable special law based upon the information contained in the annual financial report
 36.32 of the firefighters relief association required under section 424A.014, the actuarial valuation
 36.33 of the relief association, if applicable, the relief association officers' financial requirements

37.1 of the relief association and minimum municipal obligation determination documentation
37.2 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
37.3 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
37.4 independent nonprofit firefighting corporation budget, if requested to be filed by the state
37.5 auditor, and any other relevant documents or reports obtained by the state auditor.

37.6 (c) The municipality or independent nonprofit firefighting corporation and the associated
37.7 relief association are not eligible to receive or to retain fire state aid if:

37.8 (1) the relief association fails to prepare or to file the financial report or financial
37.9 statement under section 424A.014;

37.10 (2) the relief association treasurer is not bonded in the manner and in the amount required
37.11 by section 424A.014, subdivision 4;

37.12 (3) the relief association officers fail to determine or improperly determine the accrued
37.13 liability and the annual accruing liability of the relief association under section 424A.092,
37.14 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

37.15 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
37.16 valuation or the officers file an actuarial valuation that does not contain the special fund
37.17 actuarial liability calculated under the entry age normal actuarial cost method, the special
37.18 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
37.19 normal cost under the entry age normal actuarial cost method, the amortization requirement
37.20 for the special fund unfunded actuarial accrued liability by the applicable target date, a
37.21 summary of the applicable benefit plan, a summary of the membership of the relief
37.22 association, a summary of the actuarial assumptions used in preparing the valuation, and a
37.23 signed statement by the actuary attesting to its results and certifying to the qualifications of
37.24 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

37.25 (5) the municipality failed to provide a municipal contribution, or the independent
37.26 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
37.27 equal to the minimum municipal obligation if the relief association is governed under section
37.28 424A.092, or the amount necessary, when added to the fire state aid actually received in
37.29 the plan year in question, to at least equal in total the calculated annual financial requirements
37.30 of the special fund of the relief association if the relief association is governed under section
37.31 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
37.32 failed to include the minimum municipal obligation certified under section 424A.092,
37.33 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent

38.1 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
38.2 under section 424A.094, subdivision 2, in the corporate budget;

38.3 (6) the defined benefit relief association did not receive municipal ratification for the
38.4 most recent plan amendment when municipal ratification was required under section 424A.02,
38.5 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

38.6 (7) the relief association invested special fund assets in an investment security that is
38.7 not authorized under section 424A.095;

38.8 (8) the relief association had an administrative expense that is not authorized under
38.9 section 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that is not
38.10 authorized under section 424A.08;

38.11 (9) the relief association officers fail to provide a complete and accurate public pension
38.12 plan investment portfolio and performance disclosure under section 356.219;

38.13 (10) the relief association fails to obtain the acknowledgment from a broker of the
38.14 statement of investment restrictions under section 356A.06, subdivision 8b;

38.15 (11) the relief association officers permitted to occur a prohibited transaction under
38.16 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
38.17 of a prohibited transaction that did occur; or

38.18 (12) the relief association pays a defined benefit service pension in an amount that is in
38.19 excess of the applicable maximum service pension ~~maximum~~ amount under section 424A.02,
38.20 ~~subdivision 2b or 2e~~ subdivision 3.

38.21 **EFFECTIVE DATE.** This section is effective January 1, 2023.

38.22 Sec. 17. Minnesota Statutes 2020, section 424A.092, subdivision 6, is amended to read:

38.23 Subd. 6. **Municipal ratification for plan bylaws amendments.** (a) The board of trustees
38.24 of a relief association may adopt an amendment to the articles of incorporation or bylaws
38.25 that increases the coverage, service pensions, or retirement benefits provided by the relief
38.26 association only after preparing an estimate of the expected increase in the financial
38.27 requirements and the accrued liability resulting from the amendment.

38.28 (b) For purposes of this subdivision, "financial requirements" means the amount calculated
38.29 under subdivision 3, paragraph (c). "Accrued liability" means the amount calculated under
38.30 subdivision 2 or 2a, as applicable. "Estimate" means the estimate required in paragraph (a).

38.31 (c) If the special fund of the a relief association to which this section applies does not
38.32 have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the

39.1 municipality is required to provide financial support to the special fund ~~of the relief~~
 39.2 ~~association~~ under this section, the ~~adoption of or any~~ board of trustees of the relief association
 39.3 may adopt an amendment to the articles of incorporation or bylaws ~~of a relief association~~
 39.4 ~~which that~~ increases or otherwise affects the retirement coverage provided by or the, service
 39.5 pensions, or retirement benefits ~~payable from the special fund of any~~ provided by the relief
 39.6 association ~~to which this section applies.~~ The amendment is not effective until it is ratified
 39.7 by the governing body of the affiliated municipality ~~served by the fire department to which~~
 39.8 ~~the relief association is directly associated or by the independent nonprofit firefighting~~
 39.9 corporation, as applicable, ~~and.~~ The governing body may ratify such amendment only if the
 39.10 ~~officers of a relief association shall not seek municipal ratification prior to preparing and~~
 39.11 ~~certifying an estimate of the expected increase in the accrued liability and annual accruing~~
 39.12 ~~liability of the relief association attributable to the amendment~~ has delivered to the governing
 39.13 body the estimate described in paragraphs (a) and (b), certified by an officer of the relief
 39.14 association.

39.15 (d) If the special fund of the a relief association to which this section applies has a surplus
 39.16 over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is
 39.17 not required to provide financial support to the special fund ~~of the relief association~~ under
 39.18 this section, the relief association may adopt ~~or amend its~~ an amendment to the articles of
 39.19 incorporation or bylaws ~~which increase or otherwise affect~~ that increases the retirement
 39.20 coverage ~~provided by or the,~~ service pensions, or retirement benefits ~~payable from the~~
 39.21 ~~special fund of~~ provided by the relief association ~~which are.~~

39.22 (1) The amendment is effective if the municipality ratifies the amendment.

39.23 (2) The amendment is effective without municipal ratification so long as this does if the
 39.24 amendment satisfies paragraph (e).

39.25 (e) An amendment satisfies this paragraph if the estimate described in paragraphs (a)
 39.26 and (b) demonstrates that the amendment will not cause:

39.27 (1) the amount of the resulting increase in the accrued liability of the special fund of the
 39.28 ~~relief association~~ to exceed 90 percent of the amount of the surplus over full funding reported
 39.29 in the prior year; and this does not result in

39.30 (2) the financial requirements of the special fund of the relief association exceeding to
 39.31 exceed the expected amount of the future fire state aid and police and firefighter retirement
 39.32 supplemental state aid to be received by the relief association ~~as determined by the board~~
 39.33 ~~of trustees following the preparation of an estimate of the expected increase in the accrued~~
 39.34 ~~liability and annual accruing liability of the relief association attributable to the change.~~

40.1 (f) If a relief association ~~adopts or amends its~~ the articles of incorporation or bylaws
 40.2 without municipal ratification under this subdivision, and, subsequent to the amendment ~~or~~
 40.3 ~~adoption~~, the financial requirements of the special fund of the relief association under this
 40.4 section are such so as to require financial support from the municipality, the provision which
 40.5 was implemented without municipal ratification is no longer effective ~~without municipal~~
 40.6 ~~ratification~~ and any service pensions or retirement benefits payable after that date may be
 40.7 paid only in accordance with the articles of incorporation or bylaws as amended ~~or adopted~~
 40.8 with municipal ratification.

40.9 **EFFECTIVE DATE.** This section is effective January 1, 2023.

40.10 Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.093, subdivision 1, is amended
 40.11 to read:

40.12 Subdivision 1. **Application.** (a) This section applies to any firefighters relief association
 40.13 specified in section 424A.091, subdivision 1, which pays or allows for an option of a monthly
 40.14 service pension to a retiring firefighter when at least the minimum requirements for
 40.15 entitlement to a service pension specified in section 424A.02, any applicable special
 40.16 legislation, and the articles of incorporation or bylaws of the relief association have been
 40.17 met. Each firefighters relief association to which this section applies shall determine the
 40.18 actuarial condition and funding costs of the special fund of the relief association in accordance
 40.19 with subdivisions 2 and 3, the financial requirements of the special fund of the relief
 40.20 association in accordance with subdivision 4, and the minimum obligation of the municipality
 40.21 with respect to the special fund of the relief association in accordance with subdivision 5.

40.22 (b) If a firefighters relief association that previously provided a monthly benefit service
 40.23 pension discontinues that practice and either replaces the monthly benefit amount with a
 40.24 ~~lump sum~~ lump-sum benefit amount consistent with section 424A.02, ~~subdivision 2e~~
 40.25 subdivision 3, paragraph (a), clause (2), or purchases an annuity in the same amount as the
 40.26 monthly benefit from an insurance company licensed to do business in this state, the actuarial
 40.27 condition and funding costs, financial, and minimum municipal obligation requirements of
 40.28 section 424A.092 apply rather than this section.

40.29 **EFFECTIVE DATE.** This section is effective January 1, 2023.

40.30 Sec. 19. Minnesota Statutes 2020, section 424A.093, subdivision 6, is amended to read:

40.31 Subd. 6. **Municipal ratification for plan bylaws amendments.** (a) The board of trustees
 40.32 of a relief association may adopt an amendment to the articles of incorporation or bylaws
 40.33 that increases the coverage, service pensions, or retirement benefits provided by the relief

41.1 association only after the board of trustees has had an updated actuarial valuation including
 41.2 the proposed change or an estimate of the expected actuarial impact of the proposed change
 41.3 prepared by the actuary of the relief association.

41.4 (b) If the special fund of the a relief association to which this section applies does not
 41.5 have a surplus over full funding under subdivision 4, and if the municipality is required to
 41.6 provide financial support to the special fund of the relief association under this section, the
 41.7 adoption of or any board of trustees of the relief association may adopt an amendment to
 41.8 the articles of incorporation or bylaws of a relief association which that increases or otherwise
 41.9 affects the retirement coverage provided by or the, service pensions, or retirement benefits
 41.10 payable from the special fund of any provided by the relief association to which this section
 41.11 applies. The amendment is not effective until it is ratified by the governing body of the
 41.12 affiliated municipality served by the fire department to which the relief association is directly
 41.13 associated or by the independent nonprofit firefighting corporation, as applicable. The
 41.14 governing body may ratify such amendment only if the relief association has delivered to
 41.15 the governing body the actuarial valuation or estimate described in paragraph (a), certified
 41.16 by an officer of the relief association.

41.17 (c) If the special fund of the a relief association to which this section applies has a surplus
 41.18 over full funding under subdivision 4, and if the municipality is not required to provide
 41.19 financial support to the special fund of the relief association under this section, the relief
 41.20 association may adopt or amend its an amendment to the articles of incorporation or bylaws
 41.21 which increase or otherwise affect that increases the retirement coverage provided by or
 41.22 the, service pensions, or retirement benefits payable from the special fund of provided by
 41.23 the relief association which are. The amendment is effective:

41.24 (1) if the municipality ratifies the amendment; or

41.25 (2) effective without municipal ratification so long as this does if the amendment satisfies
 41.26 paragraph (d).

41.27 (d) An amendment satisfies this paragraph if the actuarial valuation or estimate described
 41.28 in paragraph (a) demonstrates that the amendment will not cause:

41.29 (1) the amount of the resulting increase in the accrued liability of the special fund of the
 41.30 relief association to exceed 90 percent of the amount of the surplus over full funding reported
 41.31 in the prior year; and this does not result in

41.32 (2) the financial requirements of the special fund of the relief association exceeding to
 41.33 exceed the expected amount of the future fire state aid and police and firefighter retirement
 41.34 supplemental state aid to be received by the relief association as determined by the board

42.1 ~~of trustees following the preparation of an updated actuarial valuation including the proposed~~
 42.2 ~~change or an estimate of the expected actuarial impact of the proposed change prepared by~~
 42.3 ~~the actuary of the relief association.~~

42.4 (e) If a relief association ~~adopts or~~ amends its articles of incorporation or bylaws without
 42.5 municipal ratification pursuant to this subdivision, and, subsequent to the amendment ~~or~~
 42.6 ~~adoption~~, the financial requirements of the special fund of the relief association under this
 42.7 section are such so as to require financial support from the municipality, the provision which
 42.8 was implemented without municipal ratification is no longer effective ~~without municipal~~
 42.9 ~~ratification~~ and any service pensions or retirement benefits payable after that date may be
 42.10 paid only in accordance with the articles of incorporation or bylaws as amended ~~or adopted~~
 42.11 with municipal ratification.

42.12 **EFFECTIVE DATE.** This section is effective January 1, 2023.

42.13 Sec. 20. Minnesota Statutes 2020, section 424A.095, is amended to read:

42.14 **424A.095 INVESTMENTS.**

42.15 Subdivision 1. Authorized investments. (a) The special fund assets of a relief association
 42.16 governed by sections 424A.091 to 424A.096 must be invested in securities that are authorized
 42.17 investments under section 356A.06, subdivision 6 or 7, whichever applies.

42.18 (b) The governing board of the association may select and appoint a qualified private
 42.19 firm to measure management performance and return on investment, and the firm must use
 42.20 the formula or formulas developed by the state board under section 11A.04, clause (11).

42.21 Subd. 2. Investment report. (a) Annually, the state auditor must provide an investment
 42.22 report to each relief association that has complied with the reporting requirements under
 42.23 section 356.219, subdivisions 1 and 3. The investment report must contain the following
 42.24 information:

42.25 (1) the relief association's average annual rates of return for at least the previous one-year,
 42.26 three-year, five-year, ten-year, 15-year, and 20-year periods for which the state auditor has
 42.27 investment information;

42.28 (2) the relief association's asset allocation;

42.29 (3) the average annual 1-year and 10-year benchmark rates of return;

42.30 (4) the average annual 1-year and 10-year rates of return for the statewide volunteer
 42.31 firefighter plan;

43.1 (5) the 1-year and 10-year average annual rates of return for the State Board of Investment
 43.2 supplemental investment fund; and

43.3 (6) a graphical comparison between:

43.4 (i) the relief association's average annual rates of return for the previous year and for
 43.5 the previous multiyear periods provided under clause (1); and

43.6 (ii) the average annual rates of return for the same periods for the supplemental investment
 43.7 fund's balanced fund or any successor fund.

43.8 (b) The state auditor shall select the benchmark rates of return based on the best practice
 43.9 in the industry.

43.10 (c) The relief association's board of trustees must certify to the state auditor that the
 43.11 board reviewed the investment report. The certification must accompany the audited financial
 43.12 statements or detailed financial statement under section 424A.014, subdivision 1 or 2,
 43.13 whichever applies. A copy of the report must be kept on file by the relief association and
 43.14 must be available for inspection by any member of the public.

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

43.16 Sec. 21. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended
 43.17 to read:

43.18 **Subd. 2. Payment of supplemental benefit.** (a) Upon the payment by a volunteer
 43.19 firefighters relief association or by the statewide lump-sum volunteer firefighter plan of a
 43.20 lump-sum distribution to a qualified recipient, the association or retirement plan, as
 43.21 applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any
 43.22 law to the contrary, the relief association must pay the supplemental benefit out of its special
 43.23 fund and the statewide lump-sum volunteer firefighter plan must pay the supplemental
 43.24 benefit out of the statewide lump-sum volunteer firefighter plan. This benefit is an amount
 43.25 equal to ten percent of the regular lump-sum distribution that is paid on the basis of the
 43.26 recipient's service as a volunteer firefighter. In no case may the amount of the supplemental
 43.27 benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a
 43.28 survivor of a deceased active or deferred volunteer firefighter in that capacity.

43.29 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
 43.30 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased
 43.31 deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a
 43.32 supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
 43.33 firefighter from the special fund of the relief association and the retirement plan must pay

44.1 a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
 44.2 firefighter from the retirement fund if chapter 353G so provides. The amount of the
 44.3 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

44.4 (c) For purposes of this section, the term "regular lump-sum distribution" means the
 44.5 pretax lump-sum distribution excluding any interest that may have been credited during a
 44.6 volunteer firefighter's period of deferral.

44.7 (d) An individual may receive a supplemental benefit under paragraph (a) or under
 44.8 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
 44.9 firefighter benefit.

44.10 (e) If a qualified recipient receives more than one lump-sum distribution, the qualified
 44.11 recipient is eligible to receive a supplemental benefit or supplemental survivor benefit,
 44.12 whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall
 44.13 be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate
 44.14 limit.

44.15 (f) Qualified recipients who elect to receive their lump-sum distribution in installments
 44.16 under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive
 44.17 one supplemental benefit calculated on the total lump-sum distribution amount under
 44.18 paragraph (a) or (b), as applicable.

44.19 **EFFECTIVE DATE.** This section is effective retroactively for supplemental benefits
 44.20 paid in 2018 and thereafter.

44.21 Sec. 22. Minnesota Statutes 2021 Supplement, section 424B.10, subdivision 1b, is amended
 44.22 to read:

44.23 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation of
 44.24 two or more defined benefit relief associations must be a defined benefit relief association.

44.25 (b) Notwithstanding any provision of section 424A.02, ~~subdivisions 2a to 3~~ subdivision
 44.26 3, to the contrary, the initial service pension amount of the subsequent defined benefit relief
 44.27 association as of the effective date of consolidation is either the service pension amount
 44.28 specified in clause (1) or the service pension amounts specified in clause (2), as provided
 44.29 for in the consolidated relief association's articles of incorporation or bylaws:

44.30 (1) the highest dollar amount service pension amount of any prior volunteer firefighters
 44.31 relief association in effect immediately before the consolidation initiation if the pension
 44.32 amount was implemented consistent with section 424A.02; or

45.1 (2) for service rendered by each individual volunteer firefighter before consolidation,
 45.2 the service pension amount under the consolidating volunteer firefighters relief association
 45.3 that the firefighter belonged to immediately before the consolidation if the pension amount
 45.4 was implemented consistent with section 424A.02 and for service rendered after the effective
 45.5 date of the consolidation, the highest dollar amount service pension of any of the
 45.6 consolidating volunteer firefighters relief associations in effect immediately before the
 45.7 consolidation if the pension amount was implemented consistent with section 424A.02.

45.8 (c) Any increase in the service pension amount beyond the amount implemented under
 45.9 paragraph (a) must conform with the requirements and limitations of section 424A.02 and
 45.10 sections 424A.091 to 424A.095.

45.11 **EFFECTIVE DATE.** This section is effective January 1, 2023.

45.12 Sec. 23. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 4, is amended
 45.13 to read:

45.14 Subd. 4. **Benefit increase.** (a) If the relief association has a surplus as of the end of the
 45.15 relief association's most recent fiscal year before the conversion effective date, the board
 45.16 of trustees may approve a resolution that increases the lump-sum benefit or monthly pension
 45.17 amount or both the lump-sum and monthly pension amount, if the relief association offers
 45.18 both, and amends the relief association bylaws without the consent of the affiliated
 45.19 municipality or firefighting corporation, notwithstanding section 424A.02, subdivision 10.
 45.20 The resulting lump-sum benefit or monthly pension amount is not limited to the maximum
 45.21 lump-sum benefit service pension amount or maximum monthly service pension amount
 45.22 amount under section 424A.02, ~~subdivisions 2a to 3~~ subdivision 3.

45.23 (b) The benefit increase must not cause the liabilities of the retirement plan to exceed
 45.24 the value of the assets, after taking into account full vesting as required under subdivision
 45.25 2 and any administrative expenses arising from the conversion.

45.26 (c) The board of trustees shall specify whether the benefit increase will apply only to
 45.27 participants who are members active as of the conversion effective date or whether the
 45.28 benefit increase will apply to all participants, including members who are not active as of
 45.29 the conversion effective date, notwithstanding section 424A.015, subdivision 6.

45.30 (d) The board of trustees' resolution approving an increase in the benefit level must be
 45.31 considered conditional on there being sufficient assets to fund the increase and must state
 45.32 that if, as of the date benefits are transferred to the defined contribution plan, there are not
 45.33 sufficient assets to cover all benefit liabilities at the new higher benefit level, the benefit

46.1 level will be reduced until assets equal or are greater than liabilities. The resolution must
46.2 state that the new lower benefit level will be considered approved by the board of trustees
46.3 without further action by the board.

46.4 **EFFECTIVE DATE.** This section is effective January 1, 2023.

46.5 Sec. 24. Minnesota Statutes 2021 Supplement, section 424B.22, subdivision 4, is amended
46.6 to read:

46.7 Subd. 4. **Benefit increase.** (a) Notwithstanding section 424A.02, subdivision 10, the
46.8 board of trustees of a relief association may increase the benefit amount under a defined
46.9 benefit relief association without the consent of the affiliated municipality or independent
46.10 nonprofit firefighting corporation, as provided in this subdivision.

46.11 (b) If the retirement plan being terminated is a defined benefit plan, the board of trustees
46.12 may approve an amendment to the bylaws of the relief association to increase the lump-sum
46.13 or monthly pension amount or both the ~~lump~~ lump-sum and monthly pension amount, if
46.14 the relief association offers both, up to 125 percent of the ~~largest~~ maximum lump-sum
46.15 service pension amount under section 424A.02, subdivision 3, paragraph (a), clause (2), or
46.16 the maximum monthly service pension amount ~~payable per month in effect~~ under section
46.17 424A.02, ~~subdivision 2b or 2c, respectively, without regard to the relief association's~~
46.18 ~~minimum average amount of available financing per firefighter~~ subdivision 3, paragraph
46.19 (a), clause (1). The amount by which the lump-sum or monthly pension amount is increased
46.20 must not cause the liabilities of the retirement plan to exceed the value of the assets, after
46.21 taking into account full vesting as required under subdivision 3 and any administrative
46.22 expenses.

46.23 (c) The board of trustees shall specify whether the benefit increase will apply to only
46.24 participants who are members active as of the date of the termination of the retirement plan
46.25 or whether the benefit increase will apply to all participants, including members who are
46.26 not active as of the plan termination date.

46.27 **EFFECTIVE DATE.** This section is effective January 1, 2023.

46.28 Sec. 25. **REVISOR INSTRUCTION.**

46.29 In Minnesota Statutes, chapter 353G, the revisor of statutes shall change the term "good
46.30 time service" to the term "service."

46.31 **EFFECTIVE DATE.** This section is effective January 1, 2023.

47.1 Sec. 26. **REPEALER.**

47.2 (a) Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, and 2c,
 47.3 are repealed.

47.4 (b) Minnesota Statutes 2020, section 353G.09, subdivision 3, is repealed.

47.5 **EFFECTIVE DATE.** This section is effective January 1, 2023.

47.6 **ARTICLE 5**47.7 **DISABILITY ASSESSMENTS BY ADVANCED PRACTICE REGISTERED NURSES**

47.8 Section 1. Minnesota Statutes 2020, section 352.01, is amended by adding a subdivision
 47.9 to read:

47.10 Subd. 27. **APRN.** "APRN" means an individual licensed as an advanced practice
 47.11 registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who
 47.12 provides services to a member or applicant that are within the scope of the APRN's
 47.13 professional licensure.

47.14 Sec. 2. Minnesota Statutes 2020, section 352.113, subdivision 4, is amended to read:

47.15 Subd. 4. **Medical or psychological examinations; authorization for payment of**
 47.16 **benefit.** (a) Any physician, psychologist, chiropractor, physician assistant, podiatrist, or
 47.17 ~~nurse practitioner~~ APRN providing any service specified in this section must be licensed.

47.18 (b) An applicant shall provide a detailed report signed by a physician, and at least one
 47.19 additional report signed by a physician, psychologist, chiropractor, physician assistant,
 47.20 podiatrist, or ~~nurse practitioner~~ APRN with evidence to support an application for total and
 47.21 permanent disability. The reports must include an expert opinion regarding whether the
 47.22 employee is permanently and totally disabled within the meaning of section 352.01,
 47.23 subdivision 17, and that the disability arose before the employee was placed on any paid or
 47.24 unpaid leave of absence or terminated public service.

47.25 (c) If there is medical evidence that supports the expectation that at some point the person
 47.26 applying for the disability benefit will no longer be disabled, the decision granting the
 47.27 disability benefit may provide for a termination date upon which the total and permanent
 47.28 disability can be expected to no longer exist. When a termination date is part of the decision
 47.29 granting benefits, prior to the benefit termination the executive director shall review any
 47.30 evidence provided by the disabled employee to show that the disabling condition for which
 47.31 benefits were initially granted continues. If the benefits cease, the disabled employee may

48.1 follow the appeal procedures described in section 356.96 or may reapply for disability
48.2 benefits using the process described in this subdivision.

48.3 (d) Any claim to disability must be supported by a report from the employer indicating
48.4 that there is no available work that the employee can perform with the disabling condition
48.5 and that all reasonable accommodations have been considered. Upon request of the executive
48.6 director, an employer shall provide evidence of the steps the employer has taken to attempt
48.7 to provide reasonable accommodations and continued employment to the claimant.

48.8 (e) The director shall also obtain written certification from the employer stating whether
48.9 the employment has ceased or whether the employee is on sick leave of absence because
48.10 of a disability that will prevent further service to the employer and that the employee is not
48.11 entitled to compensation from the employer.

48.12 (f) The medical adviser shall consider the reports of the physician, psychologist,
48.13 chiropractor, physician assistant, podiatrist, or ~~nurse practitioner~~ APRN and any other
48.14 evidence supplied by the employee or other interested parties. If the medical adviser finds
48.15 the employee totally and permanently disabled, the adviser shall make appropriate
48.16 recommendation to the director in writing together with the date from which the employee
48.17 has been totally disabled. The director shall then determine if the disability occurred while
48.18 still in the employment of the state and constitutes a total and permanent disability as defined
48.19 in section 352.01, subdivision 17.

48.20 (g) A terminated employee may apply for a disability benefit within 18 months of
48.21 termination as long as the disability occurred while in the employment of the state. The fact
48.22 that an employee is placed on leave of absence without compensation because of disability
48.23 does not bar that employee from receiving a disability benefit.

48.24 (h) Upon appeal, the board of directors may extend the disability benefit application
48.25 deadline in paragraph (g) by an additional 18 months if the terminated employee is
48.26 determined by the board of directors to have a cognitive impairment that made it unlikely
48.27 that the terminated employee understood that there was an application deadline or that the
48.28 terminated employee was able to meet the application deadline.

48.29 (i) Unless the payment of a disability benefit has terminated because the employee is
48.30 no longer totally disabled, or because the employee has reached normal retirement age as
48.31 provided in this section, the disability benefit must cease with the last payment received by
48.32 the disabled employee or which had accrued during the lifetime of the employee unless
48.33 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
48.34 benefit for the calendar month in which the disabled employee died.

49.1 Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 4, is amended to read:

49.2 Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide medical,
49.3 chiropractic, or psychological evidence to support an application for disability benefits. The
49.4 director shall have the employee examined by at least one additional licensed physician,
49.5 APRN, chiropractor, or psychologist who is designated by the medical adviser. The
49.6 physicians, APRNs, chiropractors, or psychologists with respect to a mental impairment,
49.7 shall make written reports to the director concerning the question of the employee's disability,
49.8 including their expert opinions as to whether the employee has an occupational disability
49.9 within the meaning of section 352.01, subdivision 17a, and whether the employee has a
49.10 duty disability, physical or psychological, under section 352.01, subdivision 17b, or has a
49.11 regular disability, physical or psychological, under section 352.01, subdivision 17c. The
49.12 director shall also obtain written certification from the employer stating whether or not the
49.13 employee is on sick leave of absence because of a disability that will prevent further service
49.14 to the employer performing normal duties as defined in section 352.01, subdivision 17d, or
49.15 performing less frequent duties as defined in section 352.01, subdivision 17e, and as a
49.16 consequence, the employee is not entitled to compensation from the employer.

49.17 (b) If, on considering the reports by the physicians, APRNs, chiropractors, or
49.18 psychologists and any other evidence supplied by the employee or others, the medical
49.19 adviser finds that the employee has an occupational disability within the meaning of section
49.20 352.01, subdivision 17a, the ~~adviser~~ adviser shall make the appropriate recommendation
49.21 to the director, in writing, together with the date from which the employee has been disabled.
49.22 The director shall then determine the propriety of authorizing payment of a duty disability
49.23 benefit or a regular disability benefit as provided in this section.

49.24 (c) Unless the payment of a disability benefit has terminated because the employee no
49.25 longer has an occupational disability, or because the employee has reached either age 55
49.26 or the five-year anniversary of the effective date of the disability benefit, whichever is later,
49.27 the disability benefit must cease with the last payment which was received by the disabled
49.28 employee or which had accrued during the employee's lifetime. While disability benefits
49.29 are paid, the director has the right, at reasonable times, to require the disabled employee to
49.30 submit proof of the continuance of an occupational disability. If any examination indicates
49.31 to the medical adviser that the employee no longer has an occupational disability, the
49.32 disability payment must be discontinued upon the person's reinstatement to state service or
49.33 within 60 days of the finding, whichever is sooner.

50.1 Sec. 4. Minnesota Statutes 2020, section 352B.011, is amended by adding a subdivision
50.2 to read:

50.3 Subd. 3a. **APRN.** "APRN" means an individual licensed as an advanced practice
50.4 registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who
50.5 provides services to a member or applicant that are within the scope of the APRN's
50.6 professional licensure.

50.7 Sec. 5. Minnesota Statutes 2020, section 352B.10, subdivision 4, is amended to read:

50.8 Subd. 4. **Proof of disability.** (a) No disability benefits may be paid unless the member
50.9 provides adequate proof is furnished to the executive director of the existence of the
50.10 disability.

50.11 (b) Adequate proof of a disability must include a written expert report by a licensed
50.12 physician, ~~by a~~ APRN, or licensed chiropractor, or with respect to a mental impairment, by
50.13 a licensed psychologist.

50.14 (c) Following the commencement of benefit payments, the executive director has the
50.15 right, at reasonable times, to require the ~~disability~~ disability benefit recipient to submit
50.16 proof of the continuance of the disability claimed.

50.17 Sec. 6. Minnesota Statutes 2020, section 353.01, is amended by adding a subdivision to
50.18 read:

50.19 Subd. 50. **APRN.** "APRN" means an individual licensed as an advanced practice
50.20 registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who
50.21 provides services to a member or applicant that are within the scope of the APRN's
50.22 professional licensure.

50.23 Sec. 7. Minnesota Statutes 2020, section 353.031, subdivision 3, is amended to read:

50.24 Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability
50.25 benefit must be initiated in writing on an application form and in the manner prescribed by
50.26 the executive director and filed with the executive director. An application for disability
50.27 benefits must be made within 18 months following termination of public service as defined
50.28 under section 353.01, subdivision 11a.

50.29 (b) All medical reports must support a finding that the disability arose before the employee
50.30 was placed on any paid or unpaid leave of absence or terminated public service, as defined
50.31 under section 353.01, subdivision 11a.

51.1 (c) An applicant for disability shall provide a detailed report signed by a licensed medical
51.2 doctor and at least one additional report signed by a medical doctor, psychologist, APRN,
51.3 or chiropractor. The applicant shall authorize the release of all medical and health care
51.4 evidence, including all medical records and relevant information from any source, to support
51.5 the application for initial, or the continuing payment of, disability benefits.

51.6 (d) All reports must contain an opinion regarding the claimant's prognosis, the duration
51.7 of the disability, and the expectations for improvement. Any report that does not contain
51.8 and support a finding that the disability will last for at least one year may not be relied upon
51.9 to support eligibility for benefits.

51.10 (e) Where the medical evidence supports the expectation that at some point in time the
51.11 claimant will no longer be disabled, any decision granting disability may provide for a
51.12 termination date upon which disability can be expected to no longer exist. In the event a
51.13 termination date is made part of the decision granting benefits, prior to the actual termination
51.14 of benefits, the claimant shall have the opportunity to show that the disabling condition for
51.15 which benefits were initially granted continues. In the event the benefits terminate in
51.16 accordance with the original decision, the claimant may petition for a review by the board
51.17 of trustees under section 353.03, subdivision 3, or may reapply for disability in accordance
51.18 with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

51.19 (f) Any claim to disability must be supported by a report from the employer indicating
51.20 that there is no available work that the employee can perform in the employee's disabled
51.21 condition and that all reasonable accommodations have been considered. Upon request of
51.22 the executive director, an employer shall provide evidence of the steps the employer has
51.23 taken to attempt to provide reasonable accommodations and continued employment to the
51.24 claimant. The employer shall also provide a certification of the member's past public service;
51.25 the dates of any paid sick leave, vacation, or any other employer-paid salary continuation
51.26 plan beyond the last working day; and whether or not any sick or annual leave has been
51.27 allowed.

51.28 (g) An employee who is placed on leave of absence without compensation because of
51.29 a disability is not barred from receiving a disability benefit.

51.30 (h) An applicant for disability benefits may file a retirement annuity application under
51.31 section 353.29, subdivision 4, simultaneously with an application for disability benefits. If
51.32 the application for disability benefits is approved, the retirement annuity application is
51.33 canceled. If disability benefits are denied, the retirement annuity application must be
51.34 processed upon the request of the applicant. No member of the public employees general

52.1 plan, the public employees police and fire plan, or the local government correctional service
52.2 retirement plan may receive a disability benefit and a retirement annuity simultaneously
52.3 from the same plan.

52.4 Sec. 8. Minnesota Statutes 2020, section 353.031, subdivision 8, is amended to read:

52.5 Subd. 8. **Proof of continuing disability.** (a) A disability benefit payment must not be
52.6 made except upon adequate proof furnished to the executive director of the association that
52.7 the person remains disabled.

52.8 (b) During the time when disability benefits are being paid, the executive director of the
52.9 association has the right, at reasonable times, to require the disabled member to submit
52.10 proof of the continuance of the disability claimed.

52.11 (c) Adequate proof of a disability must include a written expert report by a licensed
52.12 physician, a APRN, or licensed chiropractor, or, with respect to a mental impairment, a
52.13 licensed psychologist.

52.14 Sec. 9. Minnesota Statutes 2020, section 354.05, is amended by adding a subdivision to
52.15 read:

52.16 Subd. 43. **APRN.** "APRN" means an individual licensed as an advanced practice
52.17 registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who
52.18 provides services to a member or applicant that are within the scope of the APRN's
52.19 professional licensure.

52.20 Sec. 10. Minnesota Statutes 2020, section 354.48, subdivision 4, is amended to read:

52.21 Subd. 4. **Determination by executive director.** (a) The executive director shall have
52.22 the member examined by at least two licensed physicians, licensed chiropractors, or licensed
52.23 psychologists.

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

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

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

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

53.7 Sec. 11. Minnesota Statutes 2020, section 354.48, subdivision 6, is amended to read:

53.8 Subd. 6. **Regular physical examinations.** At least once each year during the first five
53.9 years following the allowance of a disability benefit to any member, and at least once in
53.10 every three-year period thereafter, the executive director may require the disability benefit
53.11 recipient to undergo an expert examination by a physician or physicians, by a chiropractor
53.12 or chiropractors, by an APRN or APRNs, or by one or more psychologists with respect to
53.13 a mental impairment, engaged by the executive director. If an examination indicates that
53.14 the member is no longer permanently and totally disabled or that the member is engaged
53.15 or is able to engage in a substantial gainful occupation, payments of the disability benefit
53.16 by the association must be discontinued. The payments must be discontinued as soon as the
53.17 member is reinstated to the payroll following sick leave, but payment may not be made for
53.18 more than 60 days after the physicians, ~~the~~ chiropractors, APRNs, or ~~the~~ psychologists
53.19 engaged by the executive director find that the person is no longer permanently and totally
53.20 disabled.

53.21 Sec. 12. Minnesota Statutes 2020, section 354.48, subdivision 6a, is amended to read:

53.22 Subd. 6a. **Medical adviser; duties.** The executive director may contract with an
53.23 accredited independent organization specializing in disability determinations, licensed
53.24 physicians, or physicians on the staff of the commissioner of health as designated by the
53.25 commissioner, to be the medical adviser to the executive director. The medical adviser shall
53.26 designate licensed physicians, ~~licensed chiropractors, or licensed psychologists with respect~~
53.27 ~~to a mental impairment~~, who shall examine applicants for disability benefits. The medical
53.28 adviser shall pass upon all expert reports based on any examinations performed in order to
53.29 determine whether a teacher is totally and permanently disabled as defined in section 354.05,
53.30 subdivision 14. The medical adviser shall also investigate all health and medical statements
53.31 and certificates by or on behalf of a teacher in connection with a disability benefit, and shall
53.32 report in writing to the director setting forth any conclusions and recommendations on all
53.33 matters referred to the medical adviser.

54.1 Sec. 13. Minnesota Statutes 2020, section 354A.011, is amended by adding a subdivision
54.2 to read:

54.3 Subd. 6a. **APRN.** "APRN" means an individual licensed as an advanced practice
54.4 registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who
54.5 provides services to a member or applicant that are within the scope of the APRN's
54.6 professional licensure.

54.7 Sec. 14. Minnesota Statutes 2020, section 354A.011, is amended by adding a subdivision
54.8 to read:

54.9 Subd. 14b. **Medical expert.** For purposes of section 354A.36, "medical expert" means
54.10 a licensed physician, licensed chiropractor, APRN, or licensed psychologist, in each case
54.11 working within the scope of the individual's professional licensure.

54.12 Sec. 15. Minnesota Statutes 2020, section 354A.36, subdivision 4, is amended to read:

54.13 **Subd. 4. **Determination of disability.**** (a) The board of the teachers retirement fund
54.14 association shall make the final determination of the existence of a permanent and total
54.15 disability. The board shall have the coordinated member examined by at least two ~~licensed~~
54.16 ~~physicians, licensed chiropractors, or licensed psychologists who are selected by the board~~
54.17 medical experts. After making ~~any a required examinations~~ examination, each ~~physician,~~
54.18 ~~chiropractor, or psychologist with respect to a mental impairment,~~ medical expert shall
54.19 make a written report to the board concerning the coordinated member, which shall include
54.20 ~~a statement~~ an opinion of the medical expert ~~opinion of the physician, chiropractor, or~~
54.21 ~~psychologist~~ as to whether or not the member is permanently and totally disabled within
54.22 the meaning of section 354A.011, subdivision 14. The board shall also obtain a written
54.23 statement from the employer as to whether or not the coordinated member was terminated
54.24 or separated from active employment due to a disability which is deemed by the employer
54.25 to reasonably prevent further service by the member to the employer and which caused the
54.26 coordinated member not to be entitled to further compensation from the employer for services
54.27 rendered by the member. If, after consideration of the reports of the ~~physicians, chiropractors,~~
54.28 ~~or psychologists with respect to a mental impairment~~ medical experts and any medical
54.29 advisor retained by the board under subdivision 4a, the employer statement, and any evidence
54.30 presented by the member or ~~by~~ any other interested parties, the board determines that the
54.31 coordinated member is totally and permanently disabled within the meaning of section
54.32 354A.011, subdivision 14, ~~it~~ the board shall grant the coordinated member a disability

55.1 benefit. A member who is placed on a leave of absence without compensation as a result
55.2 of the disability is not barred from receiving a disability benefit under this section.

55.3 (b) The executive director shall reject an application for disability benefits under section
55.4 354A.36 if the member is applying only because an employer-sponsored provider of private
55.5 disability insurance benefits requires the application and the member would not have applied
55.6 for disability benefits in the absence of the requirement. The member shall submit a copy
55.7 of the disability insurance policy that requires an application for disability benefits from
55.8 the plan if the member wishes to assert that the application is only being submitted because
55.9 of the disability insurance policy requirement.

55.10 Sec. 16. Minnesota Statutes 2020, section 354A.36, is amended by adding a subdivision
55.11 to read:

55.12 Subd. 4a. **Medical advisor; duties.** The executive director may contract with an
55.13 independent medical expert or an accredited organization specializing in disability
55.14 determinations to serve as a medical advisor to the board. The medical advisor shall review
55.15 all expert reports based on any examinations performed in order to determine whether a
55.16 coordinated member is totally and permanently disabled as defined in section 354A.011,
55.17 subdivision 14. The medical advisor shall also investigate all health and medical statements
55.18 and certificates by or on behalf of a member in connection with a disability benefit and shall
55.19 report in writing to the board, setting forth any conclusions and recommendations on all
55.20 matters referred to the medical advisor. The board shall have sole discretion to select the
55.21 appropriate licensed medical professional or organization to serve as the medical advisor.

55.22 Sec. 17. Minnesota Statutes 2020, section 354A.36, subdivision 6, is amended to read:

55.23 **Subd. 6. Requirement for regular physical examinations.** At least once each year
55.24 during the first five years following the granting of a disability benefit to a coordinated
55.25 member ~~by the board~~ and at least once in every three-year period thereafter, the board may
55.26 require the disability benefit recipient to undergo an expert examination ~~as a condition for~~
55.27 ~~continued entitlement of the benefit recipient to receive a disability benefit. If the board~~
55.28 ~~requires an examination, the expert examination must be made at the place of residence of~~
55.29 ~~the disability benefit recipient or at any other place mutually agreeable to the disability~~
55.30 ~~benefit recipient and the board. The expert examination must be made by a physician or~~
55.31 ~~physicians, by a chiropractor or chiropractors, or by one or more psychologists~~ medical
55.32 expert engaged by the board, in its sole discretion. The ~~physician or physicians, the~~
55.33 ~~chiropractor or chiropractors, or the psychologist or psychologists with respect to a mental~~

56.1 ~~impairment, medical expert conducting the expert examination shall make a written report~~
 56.2 ~~to the board concerning the disability benefit recipient and the recipient's disability, including~~
 56.3 ~~a statement of the expert medical expert's opinion of the ~~physician, chiropractor, or~~~~
 56.4 ~~psychologist as to whether or not the member remains permanently and totally disabled~~
 56.5 ~~within the meaning of section 354A.011, subdivision 14. If the board determines from~~
 56.6 ~~consideration of the ~~written expert examination~~ medical expert's report of the physician, of~~
 56.7 ~~the chiropractor, or of the psychologist, with respect to a mental impairment, that the~~
 56.8 ~~disability benefit recipient is no longer permanently and totally disabled or if the board~~
 56.9 ~~determines that the benefit recipient is engaged or is able to engage in a gainful occupation,~~
 56.10 ~~unless the disability benefit recipient is partially employed under subdivision 7, then further~~
 56.11 ~~disability benefit payments from the fund must be discontinued within 60 days of the~~
 56.12 ~~determination by the board. The discontinuation of disability benefits must occur immediately~~
 56.13 ~~if the disability recipient is reinstated to the district payroll following sick leave and within~~
 56.14 ~~60 days of the determination by the board following the expert examination and report of~~
 56.15 ~~the physician or physicians, chiropractor or chiropractors, or psychologist or psychologists~~
 56.16 ~~engaged by the board that the disability benefit recipient is no longer permanently and totally~~
 56.17 ~~disabled within the meaning of section 354A.011, subdivision 14.~~

56.18 Sec. 18. **EFFECTIVE DATE.**

56.19 Sections 1 to 17 are effective the day following final enactment.

56.20 **ARTICLE 6**

56.21 **STATE BOARD OF INVESTMENT**

56.22 Section 1. Minnesota Statutes 2020, section 11A.04, is amended to read:

56.23 **11A.04 DUTIES AND POWERS; APPROPRIATION.**

56.24 The state board shall:

56.25 (1) Act as trustees for each fund for which it invests or manages money in accordance
 56.26 with the standard of care set forth in section 11A.09 if state assets are involved and in
 56.27 accordance with chapter 356A if pension assets are involved.

56.28 (2) Formulate policies and procedures deemed necessary and appropriate to carry out
 56.29 its functions. Procedures adopted by the board must allow fund beneficiaries and members
 56.30 of the public to become informed of proposed board actions. Procedures and policies of the
 56.31 board are not subject to the Administrative Procedure Act.

56.32 (3) Employ an executive director as provided in section 11A.07.

- 57.1 (4) Employ investment advisors and consultants as it deems necessary.
- 57.2 (5) Prescribe policies concerning personal investments of all employees of the board to
57.3 prevent conflicts of interest.
- 57.4 (6) Maintain a record of its proceedings.
- 57.5 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
57.6 assist the board in carrying out its duties.
- 57.7 (8) Not permit state funds to be used for the underwriting or direct purchase of municipal
57.8 securities from the issuer or the issuer's agent.
- 57.9 (9) Direct the commissioner of management and budget to sell property other than money
57.10 that has escheated to the state when the board determines that sale of the property is in the
57.11 best interest of the state. Escheated property must be sold to the highest bidder in the manner
57.12 and upon terms and conditions prescribed by the board.
- 57.13 (10) Undertake any other activities necessary to implement the duties and powers set
57.14 forth in this section.
- 57.15 (11) Establish a formula or formulas to measure management performance and return
57.16 on investment. Public pension funds in the state shall utilize the formula or formulas
57.17 developed by the state board.
- 57.18 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the state
57.19 of Minnesota, employ, at its discretion, qualified private firms to invest and manage the
57.20 assets of funds over which the state board has investment management responsibility. There
57.21 is annually appropriated to the state board, from the assets of the funds for which the state
57.22 board utilizes a private investment manager, sums sufficient to pay the costs of employing
57.23 private firms. Each year, by January 15, the board shall report to the governor and legislature
57.24 on the cost and the investment performance of each investment manager employed by the
57.25 board.
- 57.26 (13) Adopt an investment policy statement that includes investment objectives, asset
57.27 allocation, and the investment management structure for the retirement fund assets under
57.28 its control. The statement may be revised at the discretion of the state board. The state board
57.29 shall seek the advice of the council regarding its investment policy statement. Adoption of
57.30 the statement is not subject to chapter 14.
- 57.31 (14) Adopt a compensation plan setting the terms and conditions of employment for
57.32 unclassified employees of the state board ~~employees who are not covered by a collective~~
57.33 ~~bargaining agreement~~ pursuant to section 43A.18, subdivision 3b.

58.1 (15) Contract, as necessary, with the board of trustees of the Minnesota State Universities
 58.2 and Colleges System for the provision of investment review and selection services under
 58.3 section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

58.4 There is annually appropriated to the state board, from the assets of the funds for which
 58.5 the state board provides investment services, sums sufficient to pay the costs of all necessary
 58.6 expenses for the administration of the board. These sums will be deposited in the State
 58.7 Board of Investment operating account, which must be established by the commissioner of
 58.8 management and budget.

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

58.10 Sec. 2. Minnesota Statutes 2020, section 11A.07, subdivision 4, is amended to read:

58.11 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

58.12 (1) plan, direct, coordinate, and execute administrative and investment functions in
 58.13 conformity with the policies and directives of the state board and the requirements of this
 58.14 chapter and of chapter 356A;

58.15 (2) prepare and submit biennial and annual budgets to the board and with the approval
 58.16 of the board submit the budgets to the Department of Management and Budget;

58.17 (3) employ professional and clerical staff as necessary. ~~Employees whose primary~~
 58.18 ~~responsibility is to invest or manage money or employees who hold positions designated~~
 58.19 ~~as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the~~
 58.20 ~~state. Other employees are in the classified service. Unclassified employees who are not~~
 58.21 ~~covered by a collective bargaining agreement are employed under the terms and conditions~~
 58.22 ~~of the compensation plan approved under section 43A.18, subdivision 3b;~~

58.23 (4) report to the state board on all operations under the director's control and supervision;

58.24 (5) maintain accurate and complete records of securities transactions and official
 58.25 activities;

58.26 (6) establish a policy, which is subject to state board approval, relating to the purchase
 58.27 and sale of securities on the basis of competitive offerings or bids. ~~The policy is subject to~~
 58.28 ~~board approval;~~

58.29 (7) cause securities acquired to be kept in the custody of the commissioner of management
 58.30 and budget or other depositories consistent with chapter 356A, as the state board deems
 58.31 appropriate;

59.1 (8) prepare and file with the director of the Legislative Reference Library, by December
 59.2 31 of each year, a report summarizing the activities of the state board, the council, and the
 59.3 director during the preceding fiscal year. ~~The report must be prepared so as to provide the~~
 59.4 ~~legislature and the people of the state with a clear, comprehensive summary of the portfolio~~
 59.5 ~~composition, the transactions, the total annual rate of return, and the yield to the state treasury~~
 59.6 ~~and to each of the funds whose assets are invested by the state board, and the recipients of~~
 59.7 ~~business placed or commissions allocated among the various commercial banks, investment~~
 59.8 ~~bankers, money managers, and brokerage organizations and the amount of these commissions~~
 59.9 ~~or other fees. The report must include an executive summary;~~

59.10 (9) include on the state board's website its annual report and an executive summary of
 59.11 its quarterly reports;

59.12 (10) require state officials from any department or agency to produce and provide access
 59.13 to any financial documents the state board deems necessary in the conduct of its investment
 59.14 activities;

59.15 (11) receive and expend legislative appropriations; and

59.16 (12) undertake any other activities necessary to implement the duties and powers set
 59.17 forth in this subdivision consistent with chapter 356A.

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

59.19 Sec. 3. Minnesota Statutes 2020, section 11A.07, is amended by adding a subdivision to
 59.20 read:

59.21 **Subd. 4a. Classification of state board employees.** (a) Employees of the state board
 59.22 who are in the unclassified service of the state are employed under the terms and conditions
 59.23 of the compensation plan approved under section 43A.18, subdivision 3b. The following
 59.24 state board employees are in the unclassified service of the state:

59.25 (1) professional employees who, in the determination of the director, are primarily
 59.26 responsible for managing or administering the investment portfolio, including but not limited
 59.27 to investment diligence and analysis, investment risk mitigation, and implementing
 59.28 investment strategy; and

59.29 (2) employees who hold positions designated as unclassified under section 43A.08,
 59.30 subdivision 1a.

59.31 (b) Employees of the state board who are not in the unclassified service under paragraph
 59.32 (a) are in the classified service of the state.

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

60.2 Sec. 4. Minnesota Statutes 2020, section 11A.07, is amended by adding a subdivision to
60.3 read:

60.4 Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must
60.5 include an executive summary and must be prepared so as to provide the legislature and the
60.6 people of the state with:

60.7 (1) a clear, comprehensive summary of the portfolio composition, the transactions, the
60.8 total annual rate of return, and the yield to the state treasury and to each of the funds with
60.9 assets invested by the state board; and

60.10 (2) the recipients of business placed or commissions allocated among the various
60.11 commercial banks, investment bankers, money managers, and brokerage organizations and
60.12 the amount of these commissions or other fees.

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

60.14 Sec. 5. Minnesota Statutes 2020, section 43A.18, subdivision 3b, is amended to read:

60.15 Subd. 3b. **State Board of Investment plan.** Total compensation for unclassified positions
60.16 ~~not covered by a collective bargaining agreement~~ under section 11A.04, clause (14), in the
60.17 State Board of Investment must be determined by the State Board of Investment. Before
60.18 submitting a compensation plan to the legislature and the Legislative Coordinating
60.19 Commission, the State Board of Investment must submit the plan to the commissioner of
60.20 management and budget for review and comment. The commissioner must complete the
60.21 review within 14 days of its receipt. Compensation plans established under this subdivision
60.22 must be approved by the legislature and the Legislative Coordinating Commission under
60.23 section 3.855, before becoming effective.

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

60.25 Sec. 6. Minnesota Statutes 2020, section 179A.10, subdivision 1, is amended to read:

60.26 Subdivision 1. **Exclusions.** The commissioner of management and budget shall meet
60.27 and negotiate with the exclusive representative of each of the units specified in this section,
60.28 except as provided in section 43A.06, subdivision 1, paragraph (c). The units provided in
60.29 this section are the only appropriate units for executive branch state employees. The following
60.30 employees shall be excluded from any appropriate unit:

61.1 (1) the positions and classes of positions in the classified and unclassified services defined
 61.2 as managerial by the commissioner of management and budget in accordance with section
 61.3 43A.18, subdivision 3, and so designated in the official state compensation schedules;

61.4 (2) unclassified positions in the Minnesota State Colleges and Universities defined as
 61.5 managerial by the Board of Trustees;

61.6 (3) positions of all unclassified employees appointed by a constitutional officer;

61.7 (4) positions in the Bureau of Mediation Services and the Public Employment Relations
 61.8 Board;

61.9 (5) positions of employees whose classification is pilot or chief pilot;

61.10 (6) administrative law judge and compensation judge positions in the Office of
 61.11 Administrative Hearings; ~~and~~

61.12 (7) positions of all confidential employees; and

61.13 (8) positions of employees of the State Board of Investment who are employed under
 61.14 the terms and conditions of the compensation plan approved under section 43A.18,
 61.15 subdivision 3b.

61.16 The governor may upon the unanimous written request of exclusive representatives of
 61.17 units and the commissioner direct that negotiations be conducted for one or more units in
 61.18 a common proceeding or that supplemental negotiations be conducted for portions of a unit
 61.19 or units defined on the basis of appointing authority or geography.

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

61.21 **ARTICLE 7**

61.22 **STUDY OF ADEQUACY OF POLICE DISABILITY BENEFITS**

61.23 Section 1. **DEPARTMENT OF LABOR AND INDUSTRY; STUDY OF POLICE,**
 61.24 **FIREFIGHTER, AND STATE TROOPER DISABILITY BENEFIT ADEQUACY.**

61.25 The Department of Labor and Industry shall study the adequacy of current benefits
 61.26 available to disabled or injured police officers, firefighters, and state troopers. The study
 61.27 shall consider workers' compensation, disability, and pension benefits and the adequacy of
 61.28 these benefits for Minnesota police officers, firefighters, and state troopers. At least one
 61.29 public hearing shall be held. The Public Employees Retirement Association shall cooperate
 61.30 with the department in conducting this study. The department shall issue a report no later
 61.31 than January 15, 2023, to the chairs and ranking minority members of the legislative

62.1 committees with jurisdiction over public safety and employment issues and to the chair of
 62.2 the Legislative Commission on Pensions and Retirement.

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

62.4 **ARTICLE 8**

62.5 **TECHNICAL CLARIFICATIONS AND CORRECTIONS**

62.6 Section 1. Minnesota Statutes 2020, section 352.87, subdivision 6, is amended to read:

62.7 Subd. 6. **Disability benefit coordination.** If the eligible employee is entitled to receive
 62.8 a disability benefit as provided in subdivision 4 or 5 and has allowable service credit under
 62.9 this section for less service than the length of service upon which the disability benefit in
 62.10 subdivision 4 or 5 is based, and also has allowable service in the general plan not includable
 62.11 in this section, the employee is entitled to a disability benefit or deferred retirement annuity
 62.12 based on the general plan service not includable in this section only for the service that,
 62.13 when combined with the service includable in this section, exceeds the number of years on
 62.14 which the disability benefit provided in subdivision 4 or 5 is based. The benefit recipient
 62.15 under subdivision 4 or 5 who also has credit for regular plan service must in all respects
 62.16 qualify under section 352.113 to be entitled to receive a disability benefit based on the
 62.17 general plan service not includable in this section, except that the service may be combined
 62.18 to satisfy length of service requirements. Any deferred annuity to which the employee may
 62.19 be entitled based on general plan service not includable in this section must be augmented
 62.20 as provided in section ~~352.72, subdivision 2~~ 352.22, subdivision 3a, while the employee is
 62.21 receiving a disability benefit under this section.

62.22 Sec. 2. Minnesota Statutes 2020, section 352.94, is amended to read:

62.23 **352.94 AUGMENTATION FOR EMPLOYEES WITH GENERAL AND**
 62.24 **CORRECTIONAL SERVICE.**

62.25 An employee who becomes covered by the correctional plan after serving as a general
 62.26 plan covered employee, or becomes covered by the general plan after serving as a correctional
 62.27 plan covered employee, is covered under section ~~352.72, subdivision 2~~ 356.311.

62.28 Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 6, is amended to read:

62.29 Subd. 6. **Disability benefit for certain employees with regular plan service.** If the
 62.30 employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has
 62.31 credit for less covered correctional service than the length of service upon which the
 62.32 correctional disability benefit is based, and also has credit for regular plan service, the

63.1 employee is entitled to a disability benefit or deferred retirement annuity based on the regular
 63.2 plan service only for that service which when combined with the correctional service exceeds
 63.3 number of years on which the correctional disability benefit is based. The disabled employee
 63.4 who also has credit for regular plan service must in all respects qualify under section 352.113
 63.5 for a disability benefit based on the regular plan service, except that the service may be
 63.6 combined to satisfy length of service requirements. Any deferred annuity to which the
 63.7 employee is entitled based on regular plan service must be augmented as provided in section
 63.8 ~~352.72~~ 352.22, subdivision 3a, while the employee is receiving a disability benefit under
 63.9 this section.

63.10 Sec. 4. Minnesota Statutes 2020, section 352B.05, is amended to read:

63.11 **352B.05 INVESTMENTS.**

63.12 The State Board of Investment may invest and reinvest any portions of the State Patrol
 63.13 retirement fund not needed for immediate purposes. The executive director of the Minnesota
 63.14 State Retirement System shall determine what funds may be invested. Money may be
 63.15 invested in securities authorized as legal investments for the Minnesota State Retirement
 63.16 System. The state board may sell, convey, and exchange securities and invest and reinvest
 63.17 the funds when it deems it desirable to do so. The state board shall sell securities upon
 63.18 request from the executive director when the executive director determines funds are needed
 63.19 for its purposes. Provisions regarding accounting procedures and restrictions and conditions
 63.20 for the purchase and sale of securities for the Minnesota State Retirement System apply to
 63.21 the accounting, purchase, and sale of securities for the State Patrol retirement fund.

63.22 Sec. 5. Minnesota Statutes 2020, section 353.031, subdivision 7, is amended to read:

63.23 Subd. 7. **Refusal of examination or medical evidence.** If a person applying for or
 63.24 receiving a disability benefit refuses to submit to a medical examination under subdivision
 63.25 6, or fails to provide or to authorize the release of medical evidence under subdivision 3 or
 63.26 8, the association shall cease the application process or shall discontinue the payment of a
 63.27 disability benefit, whichever is applicable. Upon the receipt of the requested medical
 63.28 evidence, the association shall resume the application process or the payment of a disability
 63.29 benefit upon approval for the continuation, whichever is applicable.

63.30 Sec. 6. Minnesota Statutes 2020, section 353.32, subdivision 1a, is amended to read:

63.31 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who
 63.32 is vested under section 353.01, subdivision 47, and who dies before the annuity or disability

64.1 benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2,
64.2 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may
64.3 elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse
64.4 benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint
64.5 and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5,
64.6 whichever is applicable.

64.7 (b) If a member first became a public employee or a member of a pension fund listed in
64.8 section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of
64.9 allowable service on the date of death, the surviving spouse may elect to receive a 100
64.10 percent joint and survivor annuity computed using section 353.30, subdivision 1b, except
64.11 that the early retirement reduction under that provision will be applied from age 62 back to
64.12 age 55 and one-half of the early retirement reduction from age 55 back to the age payment
64.13 begins.

64.14 (c) If a member who was under age 55 and who is vested under section 353.01,
64.15 subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving
64.16 spouse may elect to receive a 100 percent joint and survivor annuity computed using section
64.17 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified
64.18 in the applicable subdivision will be applied to age 55 and one-half of the early retirement
64.19 reduction from age 55 back to the age payment begins.

64.20 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
64.21 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
64.22 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
64.23 with the association. If there is no surviving spouse or child or children, a former spouse
64.24 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
64.25 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
64.26 the terms of a marriage dissolution decree filed with the association.

64.27 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may
64.28 apply for the annuity at any time after the date on which the deceased employee would have
64.29 attained the required age for retirement based on the employee's allowable service. The
64.30 surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply
64.31 for an annuity any time after the member's death.

64.32 (f) ~~Sections~~ Section 353.34, subdivision 3, ~~and 353.71, subdivision 2, apply~~ applies to
64.33 a deferred annuity or surviving spouse benefit payable under this subdivision.

65.1 (g) An amount equal to any excess of the accumulated contributions that were credited
65.2 to the account of the deceased employee over and above the total of the annuities paid and
65.3 payable to the surviving spouse must be paid to the surviving spouse's estate.

65.4 (h) A member may specify in writing, with the signed consent of the spouse, that this
65.5 subdivision does not apply and that payment may be made only to the designated beneficiary
65.6 as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this
65.7 section does not make a dependent child eligible for benefits under subdivision 1c.

65.8 (i) If the deceased member or former member first became a public employee or a
65.9 member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1,
65.10 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified
65.11 in section 353.30, subdivision 5, except for the revised early retirement reduction specified
65.12 in paragraph (c), if paragraph (c) is the applicable provision.

65.13 (j) For any survivor annuity determined under this subdivision, the payment is to be
65.14 based on the total allowable service that the member had accrued as of the date of death
65.15 and the age of the member and surviving spouse on that date.

65.16 Sec. 7. Minnesota Statutes 2020, section 353.34, subdivision 5, is amended to read:

65.17 Subd. 5. ~~Refundment~~ **Right to a refund generally unlimited.** The right of refundment
65.18 to a refund provided in this chapter, and laws amendatory thereof, is not restricted as to
65.19 time unless specifically provided and the statute of limitation does not apply thereto.

65.20 Sec. 8. Minnesota Statutes 2020, section 353.657, subdivision 2a, is amended to read:

65.21 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
65.22 who has attained the age of at least 50 years and either who is vested under section 353.01,
65.23 subdivision 47, or who has credit for at least 30 years of allowable service, regardless of
65.24 age attained, dies before the annuity or disability benefit becomes payable, notwithstanding
65.25 any designation of beneficiary to the contrary, the surviving spouse may elect to receive a
65.26 death while eligible survivor benefit.

65.27 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
65.28 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible
65.29 survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the
65.30 association. If there is no surviving spouse or child or children, a former spouse may be
65.31 entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for

66.1 in a marriage dissolution decree but not a death while eligible survivor benefit despite the
66.2 terms of a marriage dissolution decree filed with the association.

66.3 (c) The benefit may be elected instead of a refund with interest under section 353.32,
66.4 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2.
66.5 The benefit must be an annuity equal to the 100 percent joint and survivor annuity which
66.6 the member could have qualified for on the date of death, computed as provided in sections
66.7 353.651, subdivision 3, and 353.30, subdivision 3.

66.8 (d) The surviving spouse may apply for the annuity at any time after the date on which
66.9 the deceased employee would have attained the required age for retirement based on the
66.10 employee's allowable service. ~~Sections Section 353.34, subdivision 3, and 353.71, subdivision~~
66.11 ~~2, apply applies~~ to a deferred annuity payable under this subdivision.

66.12 (e) No payment accrues beyond the end of the month in which entitlement to such annuity
66.13 has terminated. An amount equal to the excess, if any, of the accumulated contributions
66.14 which were credited to the account of the deceased employee over and above the total of
66.15 the annuities paid and payable to the surviving spouse must be paid to the deceased member's
66.16 last designated beneficiary or, if none, to the legal representative of the estate of such
66.17 deceased member.

66.18 (f) Any member may request in writing, with the signed consent of the spouse, that this
66.19 subdivision not apply and that payment be made only to the designated beneficiary, as
66.20 otherwise provided by this chapter.

66.21 (g) For a member who is employed as a full-time firefighter by the Department of Military
66.22 Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs
66.23 Department firefighter credited by the Minnesota State Retirement System may be used in
66.24 meeting the minimum allowable service requirement of this subdivision.

66.25 Sec. 9. Minnesota Statutes 2020, section 353.68, subdivision 4, is amended to read:

66.26 Subd. 4. **Deferred annuity.** The deferred annuity of section 353.34, subdivision 3, as
66.27 it applies to members of the police and fire fund, begins and is computed in the manner
66.28 provided in section 353.651 on the basis of the law in effect on the date of termination of
66.29 public service. The deferred annuity is augmented under section ~~353.71, subdivision 2~~
66.30 353.34, subdivision 3.

67.1 Sec. 10. Minnesota Statutes 2020, section 356.20, subdivision 2, is amended to read:

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

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

67.5 (2) the general employees retirement plan of the Public Employees Retirement
67.6 Association;

67.7 (3) the Teachers Retirement Association;

67.8 (4) the State Patrol retirement plan;

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

67.10 (6) the University of Minnesota faculty retirement plan;

67.11 (7) the University of Minnesota faculty supplemental retirement plan;

67.12 (8) the judges retirement fund;

67.13 (9) the Bloomington Fire Department Relief Association;

67.14 (10) a volunteer firefighter relief association governed by section 424A.091;

67.15 (11) the public employees police and fire plan of the Public Employees Retirement
67.16 Association;

67.17 (12) the correctional state employees retirement plan of the Minnesota State Retirement
67.18 System;

67.19 (13) the local government correctional service retirement plan of the Public Employees
67.20 Retirement Association; and

67.21 (14) the statewide-lump-sum volunteer firefighter plan.

67.22 Sec. 11. Minnesota Statutes 2020, section 356.24, subdivision 3, is amended to read:

67.23 Subd. 3. **Deferred compensation plan.** (a) As used in this section, ~~a~~:

67.24 (1) "deferred compensation plan" means a plan that satisfies the requirements ~~in~~ of this
67.25 subdivision;

67.26 (2) "plan administrator" means the individual or entity defined as the plan administrator
67.27 in the plan document for the Minnesota deferred compensation plan under section 352.965
67.28 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

68.1 (3) "vendor" means the provider of an annuity contract, custodial account, or retirement
 68.2 income account under a tax-sheltered annuity plan under section 403(b) of the Internal
 68.3 Revenue Code.

68.4 (b) The plan is:

68.5 (1) the Minnesota deferred compensation plan under section 352.965;

68.6 (2) a tax-sheltered annuity ~~program~~ plan under section 403(b) of the Internal Revenue
 68.7 Code; or

68.8 (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

68.9 (c) For each investment fund available to participants under the plan, other than in a
 68.10 self-directed brokerage account or a fixed annuity contract, the plan administrator or
 68.11 custodian vendor discloses at least annually to participants a statement that sets forth (1)
 68.12 all fees, including administrative, maintenance, and investment fees, that impact the rate of
 68.13 return on each investment fund available under the plan, and (2) ~~for each investment fund,~~
 68.14 the rates of return for the prior one-, three-, five-, and ten-year periods or for the life of the
 68.15 fund, if shorter, in an easily understandable document. The plan administrator or ~~custodian~~
 68.16 vendor must file a copy of this ~~document~~ statement with the executive director of the
 68.17 Legislative Commission on Pensions and Retirement within 30 days of the end of each
 68.18 fiscal year of the plan. Vendors may satisfy the requirements in this subdivision by delivering
 68.19 by July 1 of each year the currently effective initial summary prospectus or updating summary
 68.20 prospectus, as filed with the Securities and Exchange Commission, or the disclosure required
 68.21 under the Code of Federal Regulations, section 2550.404a-5(d) for the investment products
 68.22 offered.

68.23 (d) Enrollment in the plan is provided for in:

68.24 (1) a personnel policy of the public employer;

68.25 (2) a collective bargaining agreement between the public employer and the exclusive
 68.26 representative of public employees in an appropriate unit; or

68.27 (3) an individual employment contract between a city and a city manager.

68.28 (e) The plan covers employees of a school district, state agency, or other governmental
 68.29 subdivision. The plan may cover city managers covered by an alternative retirement
 68.30 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
 68.31 employees of the Board of Trustees of Minnesota State Colleges and Universities who are
 68.32 covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

69.1 (f) Except as permitted under paragraph (g), public funds are contributed to the plan
 69.2 only in an amount that matches employee contributions on a dollar for dollar basis, but not
 69.3 to exceed the lesser of (1) the maximum authorized under the policy described in paragraph
 69.4 (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit
 69.5 on elective deferrals under section 402(g) of the Internal Revenue Code.

69.6 (g) Contributions to the plan may include contributions deducted from an employee's
 69.7 sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized
 69.8 as employee contributions or nonelective employer contributions, up to applicable limits
 69.9 under the Internal Revenue Code. Such contributions are not subject to the match requirement
 69.10 and limit in paragraph (f).

69.11 Sec. 12. Minnesota Statutes 2020, section 356.645, is amended to read:

69.12 **356.645 INVESTMENT OF ~~VARIOUS DEFINED CONTRIBUTION PLAN~~**
 69.13 **~~ASSETS PLANS AND VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATIONS.~~**

69.14 The State Board of Investment shall determine the investments to be made available to
 69.15 plan participants in plans defined in sections 352.965, 352.98, and 383B.46 and chapters
 69.16 352D and 353D and to volunteer firefighters relief associations under chapter 424A.
 69.17 Investments made available to plan participants and relief associations must include at least
 69.18 one or more of the following:

69.19 (1) shares in the Minnesota supplemental investment fund established in section 11A.17;

69.20 (2) savings accounts in federally insured financial institutions;

69.21 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from
 69.22 companies that are subject to regulation by the commissioner of commerce;

69.23 (4) investment options from open-end investment companies registered under the federal
 69.24 Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

69.25 (5) investment options from a firm that is a registered investment adviser under the
 69.26 Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;
 69.27 and

69.28 (6) investment options of a bank as defined in United States Code, title 15, section 80b-2,
 69.29 subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding
 69.30 Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph
 69.31 (1).

70.1 Sec. 13. Minnesota Statutes 2020, section 356A.06, subdivision 6, is amended to read:

70.2 Subd. 6. **Limited list of authorized investment securities.** (a) **Authority.** This
70.3 subdivision specifies the investment authority for a limited list plan. A limited list plan is
70.4 a covered pension plan that does not:

70.5 (1) have pension fund assets with a market value in excess of \$1,000,000;

70.6 (2) use the services of an investment advisor registered with the Securities and Exchange
70.7 Commission in accordance with the Investment Advisers Act of 1940, or registered as an
70.8 investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of
70.9 at least 60 percent of its pension fund assets, calculated on market value;

70.10 (3) use the services of the State Board of Investment for the investment of at least 60
70.11 percent of its pension fund assets, calculated on market value; or

70.12 (4) use a combination of the services of an investment advisor meeting the requirements
70.13 of clause (2) and the services of the State Board of Investment for the investment of at least
70.14 75 percent of its pension fund assets, calculated on market value.

70.15 (b) **Investment agency appointment authority.** The governing board of a covered
70.16 pension plan may select and appoint investment agencies to act for or on its behalf.

70.17 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

70.18 (1) certificates of deposit issued, to the extent of available insurance or collateralization,
70.19 by a financial institution that is a member of the Federal Deposit Insurance Corporation, ~~or~~
70.20 ~~the Federal Savings and Loan Insurance Corporation,~~ that is insured by the National Credit
70.21 Union Administration, or that is authorized to do business in this state and has deposited
70.22 with the chief administrative officer of the plan a sufficient amount of marketable securities
70.23 as collateral in accordance with section 118A.03;

70.24 (2) guaranteed investment contracts, limited to those issued by insurance companies or
70.25 banks rated in the top four quality categories by a nationally recognized rating agency or
70.26 to alternative guaranteed investment contracts where the underlying assets comply with the
70.27 requirements of this paragraph; and

70.28 (3) savings accounts, limited to those fully insured by federal agencies.

70.29 (d) **Government-backed obligations.** A limited list plan is authorized to invest in
70.30 governmental obligations as further specified in this paragraph, including bonds, notes,
70.31 bills, mortgages, and other evidences of indebtedness, if the issue is backed by the full faith
70.32 and credit of the issuer or if the issue is rated among the top four quality rating categories

71.1 by a nationally recognized rating agency. The obligations in which plans are authorized to
71.2 invest under this paragraph are guaranteed or insured issues of:

71.3 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
71.4 created and regulated by an act of Congress;

71.5 (2) the Dominion of Canada or one of its provinces if the principal and interest are
71.6 payable in United States dollars;

71.7 (3) a state or one of its municipalities, political subdivisions, agencies, or
71.8 instrumentalities; or

71.9 (4) any United States government-sponsored organization of which the United States is
71.10 a member if the principal and interest are payable in United States dollars.

71.11 (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate
71.12 obligations, including bonds, notes, debentures, transportation equipment obligations, or
71.13 any other longer-term evidences of indebtedness issued or guaranteed by a corporation
71.14 organized under the laws of the United States or any of its states, or the Dominion of Canada
71.15 or any of its provinces if:

71.16 (1) the principal and interest are payable in United States dollars; and

71.17 (2) the obligations are rated among the top four quality categories by a nationally
71.18 recognized rating agency.

71.19 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized under
71.20 paragraphs (c) to (e) may be owned directly or through shares in exchange-traded funds, or
71.21 through open-end mutual funds, or as units of commingled trusts.

71.22 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other paragraphs
71.23 of this subdivision, a limited list plan is authorized to invest the assets of the special fund
71.24 in exchange-traded funds and open-end mutual funds, if their portfolio investments comply
71.25 with the type of securities authorized for investment under section 356A.06, subdivision 7,
71.26 paragraphs (c) to (g). Investments under this paragraph must not exceed 75 percent of the
71.27 assets of the special fund, not including any money market investments through mutual or
71.28 exchange-traded funds.

71.29 (h) **Supplemental fund authority.** The governing body of a limited list plan may certify
71.30 special fund assets to the State Board of Investment for investment under section 11A.17.

71.31 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix limitations
71.32 specified in section 356A.06, subdivision 7.

72.1 Sec. 14. Minnesota Statutes 2020, section 356A.06, subdivision 8a, is amended to read:

72.2 Subd. 8a. **Collateralization requirement.** (a) The governing board of a covered pension
72.3 plan shall designate a national bank, an insured state bank, an insured credit union, or an
72.4 insured thrift institution as the depository for the pension plan for assets not held by the
72.5 pension plan's custodian bank.

72.6 (b) Unless collateralized as provided under paragraph (c), a covered pension plan may
72.7 not deposit in a designated depository an amount in excess of the insurance held by the
72.8 depository in the Federal Deposit Insurance Corporation, ~~the Federal Savings and Loan~~
72.9 ~~Insurance Corporation~~, or the National Credit Union Administration, whichever applies.

72.10 (c) For an amount greater than the insurance under paragraph (b), the depository must
72.11 provide collateral in compliance with section 118A.03 or with any comparable successor
72.12 enactment relating to the collateralization of municipal deposits.

72.13 Sec. 15. Minnesota Statutes 2020, section 424A.001, subdivision 4, is amended to read:

72.14 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters relief
72.15 association" means a volunteer firefighters relief association or a volunteer firefighters
72.16 division or account of a partially salaried and partially volunteer firefighters relief association
72.17 that is:

72.18 (1) organized and incorporated as a nonprofit corporation to provide retirement benefits
72.19 to volunteer firefighters under chapter 317A and any laws of the state;

72.20 (2) governed by this chapter and sections 424A.091 to 424A.095; and

72.21 (3) directly associated with:

72.22 (i) a fire department established by municipal ordinance;

72.23 (ii) an independent nonprofit firefighting corporation that is organized under the
72.24 provisions of chapter 317A and that operates primarily for firefighting purposes; or

72.25 (iii) a fire department operated as or by a joint powers entity that operates primarily for
72.26 firefighting purposes.

72.27 (b) "Relief association" or "volunteer firefighters relief association" does not mean:

72.28 (1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter
72.29 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965,
72.30 chapter 446, as amended; or

72.31 (2) the statewide ~~lump-sum~~ volunteer firefighter plan governed by chapter 353G.

73.1 (c) A relief association or volunteer firefighters relief association is a governmental
 73.2 entity that receives and manages public money to provide retirement benefits for individuals
 73.3 providing the governmental services of firefighting and emergency first response.

73.4 Sec. 16. Minnesota Statutes 2020, section 424A.08, is amended to read:

73.5 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED**
 73.6 **DISBURSEMENTS.**

73.7 (a) Any municipality which is entitled to receive fire state aid but which has no volunteer
 73.8 firefighters relief association directly associated with its fire department and which has no
 73.9 full-time firefighters with retirement coverage by the public employees police and fire
 73.10 retirement plan shall deposit the fire state aid in a special account established for that purpose
 73.11 in the municipal treasury. Disbursement from the special account may not be made for any
 73.12 purpose except:

73.13 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department
 73.14 Association and to the state Volunteer Firefighters Benefit Association in order to entitle
 73.15 its firefighters to membership in and the benefits of these state associations;

73.16 (2) payment of the cost of purchasing and maintaining needed equipment for the fire
 73.17 department; and

73.18 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings
 73.19 or other premises to house the equipment of the fire department.

73.20 (b) A municipality which is entitled to receive fire state aid, which has no volunteer
 73.21 firefighters relief association directly associated with its fire department, which does not
 73.22 participate in the statewide-lump-sum volunteer firefighter plan under chapter 353G, and
 73.23 which has full-time firefighters with retirement coverage by the public employees police
 73.24 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the
 73.25 payment of the employer contribution requirement with respect to firefighters covered by
 73.26 the public employees police and fire retirement plan under section 353.65, subdivision 3,
 73.27 or for a combination of the two types of disbursements.

73.28 (c) A municipality that has no volunteer firefighters relief association directly associated
 73.29 with it and that participates in the statewide-lump-sum volunteer firefighter plan under
 73.30 chapter 353G shall transmit any fire state aid that it receives to the statewide-lump-sum
 73.31 volunteer firefighter fund.

74.1 Sec. 17. Minnesota Statutes 2020, section 424A.10, subdivision 1, is amended to read:

74.2 Subdivision 1. **Definitions.** For purposes of this section:

74.3 (1) "qualified recipient" means a volunteer firefighter who receives a lump-sum
74.4 distribution of pension or retirement benefits from a volunteer firefighters relief association
74.5 or from the statewide ~~lump-sum~~ volunteer firefighter plan;

74.6 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
74.7 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
74.8 or children of a deceased active or deferred volunteer firefighter, or, if none, the designated
74.9 beneficiary of the deceased active or deferred volunteer firefighter, or, if no beneficiary has
74.10 been designated, the estate of the deceased active or deferred volunteer firefighter;

74.11 (3) "active volunteer firefighter" means a person who:

74.12 (i) regularly renders fire suppression service, the performance or supervision of authorized
74.13 fire prevention duties, or the performance or supervision of authorized emergency medical
74.14 response activities for a fire department;

74.15 (ii) has met the statutory and other requirements for relief association membership; and

74.16 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
74.17 member of the relief association or from the statewide ~~lump-sum~~ volunteer firefighter plan
74.18 for at least one month;

74.19 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

74.20 (i) terminated active firefighting service, the performance or supervision of authorized
74.21 fire prevention duties, or the performance or supervision of authorized emergency medical
74.22 response activities; and

74.23 (ii) has sufficient service credit from the applicable relief association or from the statewide
74.24 ~~lump-sum~~ volunteer firefighter plan to be entitled to a service pension under the bylaws of
74.25 the relief association, but has not applied for or has not received the service pension; and

74.26 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
74.27 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
74.28 individuals whose services were used to perform emergency medical response duties or
74.29 supervise emergency medical response activities if authorized under section 424A.01,
74.30 subdivision 5a.

75.1 Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended
75.2 to read:

75.3 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
75.4 firefighters relief association or by the statewide ~~lump-sum~~ volunteer firefighter plan of a
75.5 lump-sum distribution to a qualified recipient, the association or retirement plan, as
75.6 applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any
75.7 law to the contrary, the relief association must pay the supplemental benefit out of its special
75.8 fund and the statewide ~~lump-sum~~ volunteer firefighter plan must pay the supplemental
75.9 benefit out of the statewide ~~lump-sum~~ volunteer firefighter plan. This benefit is an amount
75.10 equal to ten percent of the regular lump-sum distribution that is paid on the basis of the
75.11 recipient's service as a volunteer firefighter. In no case may the amount of the supplemental
75.12 benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a
75.13 survivor of a deceased active or deferred volunteer firefighter in that capacity.

75.14 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
75.15 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased
75.16 deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a
75.17 supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
75.18 firefighter from the special fund of the relief association and the retirement plan must pay
75.19 a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
75.20 firefighter from the retirement fund if chapter 353G so provides. The amount of the
75.21 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

75.22 (c) For purposes of this section, the term "regular lump-sum distribution" means the
75.23 pretax lump-sum distribution excluding any interest that may have been credited during a
75.24 volunteer firefighter's period of deferral.

75.25 (d) An individual may receive a supplemental benefit under paragraph (a) or under
75.26 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
75.27 firefighter benefit.

75.28 Sec. 19. Minnesota Statutes 2020, section 424A.10, subdivision 3, is amended to read:

75.29 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of
75.30 the amount of supplemental benefits paid under subdivision 2 during the preceding calendar
75.31 year, the volunteer firefighters relief association or the statewide ~~lump-sum~~ volunteer
75.32 firefighter plan shall apply to the commissioner of revenue by February 15. By March 15,
75.33 the commissioner shall reimburse the relief association for the amount of the supplemental

76.1 benefits paid by the relief association to qualified recipients and to survivors of deceased
76.2 active or deferred volunteer firefighters.

76.3 (b) The commissioner of revenue shall prescribe the form of and supporting information
76.4 that must be supplied as part of the application for state reimbursement. The commissioner
76.5 of revenue shall reimburse the relief association by paying the reimbursement amount to
76.6 the treasurer of the municipality where the association is located and shall reimburse the
76.7 retirement plan by paying the reimbursement amount to the executive director of the Public
76.8 Employees Retirement Association. Within 30 days after receipt, the municipal treasurer
76.9 shall transmit the state reimbursement to the treasurer of the association if the association
76.10 has filed a financial report with the municipality. If the relief association has not filed a
76.11 financial report with the municipality, the municipal treasurer shall delay transmission of
76.12 the reimbursement payment to the association until the complete financial report is filed.
76.13 If the association has dissolved or has been removed as a trustee of state aid, the treasurer
76.14 shall deposit the money in a special account in the municipal treasury, and the money may
76.15 be disbursed only for the purposes and in the manner provided in section 424A.08. When
76.16 paid to the association, the reimbursement payment must be deposited in the special fund
76.17 of the relief association and when paid to the retirement plan, the reimbursement payment
76.18 must be deposited in the retirement fund of the plan.

76.19 (c) A sum sufficient to make the payments is appropriated from the general fund to the
76.20 commissioner of revenue.

76.21 Sec. 20. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 5, is amended
76.22 to read:

76.23 Subd. 5. **Determination of value of pension benefits and distribution to retirees in**
76.24 **pay status.** (a) The board of trustees shall determine the present value of each participant's
76.25 accrued benefit, taking into account the full vesting requirement under subdivision 2 and
76.26 any increase in the lump-sum benefit or monthly pension amount approved under subdivision
76.27 4:

76.28 (1) using the method set forth in section 424A.092, subdivision 2, for determining a
76.29 plan's funded status by calculating the value of each participant's accrued benefit; or

76.30 (2) as determined by an actuary retained by the relief association, who meets the definition
76.31 of approved actuary under section 356.215, subdivision 1, paragraph (c).

76.32 (b) If the retirement plan pays a monthly pension, the board of trustees ~~shall~~ must
76.33 determine the present value of the remaining payments to any retiree in pay status or

77.1 beneficiary who is receiving an annuity. Present value ~~shall~~ must be determined by an
 77.2 actuary who meets the definition of approved actuary under section 356.215, subdivision
 77.3 1, paragraph (c), retained by the relief association. At the discretion of the relief association,
 77.4 the relief association ~~shall offer~~ must provide the retiree in pay status or beneficiary receiving
 77.5 the annuity either:

77.6 (1) an immediate lump-sum distribution of an amount equal to the present value of the
 77.7 remaining payments as determined by the actuary and permit the retiree in pay status or
 77.8 beneficiary to elect a lump-sum payment or a direct rollover of the amount to an eligible
 77.9 retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution
 77.10 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5; or

77.11 (2) continued payments in the same monthly amount under an annuity to be purchased
 77.12 by the board of trustees from a reputable insurance company licensed to do business in the
 77.13 state.

77.14 Sec. 21. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 8, is amended
 77.15 to read:

77.16 Subd. 8. **Notice to participants.** The board of trustees shall provide notice to all
 77.17 participants at least 90 days before the conversion effective date. The notice shall include:

77.18 (1) an explanation that the plan is converting from a defined benefit plan to a defined
 77.19 contribution plan and provide definitions for those terms, the reasons for the conversion,
 77.20 the conversion effective date, and the procedure to be followed, including fully vesting all
 77.21 participants;

77.22 (2) a summary of the terms of the newly adopted defined contribution plan;

77.23 (3) information about any increase in the benefit level and whether the increase applies
 77.24 to all participants or only active members;

77.25 (4) a section tailored to each participant that provides an estimate of the present value
 77.26 of the participant's fully vested accrued benefit and the calculation that resulted in that value;

77.27 (5) an estimate of any anticipated surplus and an explanation of the disposition of the
 77.28 surplus, including, as applicable, a description of the method for allocating the surplus
 77.29 among participants' accounts and whether the municipality, each municipality, if more than
 77.30 one municipality operates the fire department pursuant to a joint powers agreement, or
 77.31 firefighting corporation will receive any of the surplus and any conditions on its use; and

78.1 (6) contact information for one or more members of the board of trustees who will answer
78.2 questions and provide a copy of the new defined contribution plan document or a summary,
78.3 if requested, or directions to a website for viewing and printing the plan document or
78.4 summary.

78.5 Sec. 22. **EFFECTIVE DATE.**

78.6 Sections 1 to 11 and 13 to 21 are effective the day following final enactment. Section
78.7 12 is effective January 1, 2023.

353G.09 RETIREMENT BENEFIT ELIGIBILITY.

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

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

(2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighter relief association as of the date immediately before the election of the retirement coverage change, whichever is later;

(3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighter relief association or of the lump-sum retirement division of the retirement plan, but has not rendered at least five years of good time service credit as a member of the lump-sum retirement division of the plan; and

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

(b) If retirement coverage before statewide retirement plan coverage was provided to an active member by a defined benefit relief association, as defined in section 424A.001, subdivision 1b, the alternative lump-sum service pension is:

(1) the service pension level specified in the bylaws of the applicable former volunteer firefighter relief association as of the date immediately before the election of the retirement coverage change; multiplied by

(2) either full years of service or years and months of service, as specified in the bylaws, as a member of that volunteer firefighter relief association and as a member of the retirement plan; multiplied by

(3) the nonforfeitable percentage of the service pension to which the member is entitled under subdivision 2.

(c) If retirement coverage before statewide retirement plan coverage was provided to an active member by a defined contribution relief association, as defined in section 424A.001, subdivision 1c, the alternative lump-sum service pension is:

(1) the person's account balance as of the date immediately before the election of the retirement coverage change; multiplied by

(2) the nonforfeitable percentage of the account balance to which the person is entitled under subdivision 2; plus

(3) six percent annual compound interest from the date immediately before the election of the retirement coverage change until the date immediately before the date of retirement.

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 2a. **Average amount of available financing.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period.

The amount of available financing includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in subdivision 2b or 2c, whichever applies.

Subd. 2b. **Maximum monthly amount.** For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly

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service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00
1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00

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2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00
2834	35.00
2916	36.00
2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00
3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00
4293	53.00
4374	54.00
4455	55.00
4536	56.00
4617	57.00
4698	58.00
4779	59.00
4860	60.00
4941	61.00
5022	62.00
5103	63.00
5184	64.00
5265	65.00
5346	66.00

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5427	67.00
5508	68.00
5589	69.00
5670	70.00
5751	71.00
5832	72.00
5913	73.00
5994	74.00
6075	75.00
6156	76.00
6237	77.00
6318	78.00
6399	79.00
6480	80.00
6561	81.00
6642	82.00
6723	83.00
6804	84.00
6885	85.00
6966	86.00
7047	87.00
7128	88.00
7209	89.00
7290	90.00
7371	91.00
7452	92.00
7533	93.00
7614	94.00
7695	95.00
7776	96.00
7857	97.00
7938	98.00
8019	99.00
8100	100.00
any amount in excess of	
8100	100.00

Subd. 2c. **Maximum lump-sum amount.** For a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension to a retiring member, the maximum lump-sum service pension amount for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the

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calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
\$...	\$ 10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500

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864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100

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2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200
3939	7300
3993	7400
4047	7500
4101	7600
4155	7700
4209	7800
4263	7900
4317	8000
4371	8100
4425	8200
4479	8300
4533	8400
4587	8500
4641	8600
4695	8700
4749	8800
4803	8900
4857	9000

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4911	9100
4965	9200
5019	9300
5073	9400
5127	9500
5181	9600
5235	9700
5289	9800
5343	9900
5397	10,000
5451	10,100
5505	10,200
5559	10,300
5613	10,400
5667	10,500
5721	10,600
5775	10,700
5829	10,800
5883	10,900
5937	11,000
5991	11,100
6045	11,200
6099	11,300
6153	11,400
6207	11,500
6261	11,600
6315	11,700
6369	11,800
6423	11,900
6477	12,000
6531	12,100
6585	12,200
6639	12,300
6693	12,400
6747	12,500
6801	12,600
6855	12,700
6909	12,800
6963	12,900

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7017	13,000
7071	13,100
7125	13,200
7179	13,300
7233	13,400
7287	13,500
7341	13,600
7395	13,700
7449	13,800
7503	13,900
7557	14,000
7611	14,100
7665	14,200
7719	14,300
7773	14,400
7827	14,500
7881	14,600
7935	14,700
7989	14,800
8043	14,900
8097	15,000
any amount in excess of	
8097	15,000