

CHAPTER 65--S.F.No. 3540

An act relating to retirement; authorizing certain medical professionals (APRNs) to provide disability assessments for all public pension plans; authorizing the purchase of service credit for periods of military service under the Minnesota State Retirement System (MSRS) plans; adding Department of Human Services positions to the positions eligible for coverage by the MSRS correctional plan; permitting the transfer of service credit from the MSRS general plan to the correctional plan; permitting a surviving spouse to purchase vesting service and receive a pension from the MSRS general plan; reinstating segmented annuities for Public Employees Retirement Association (PERA) plans; excluding union employees of the Duluth Transit Authority from PERA membership and providing vesting credit under PERA for non-union employees; adding alternative vesting schedules under the PERA statewide volunteer firefighter plan and eliminating the restriction on the pension amount for firefighters retiring within five years of joining the plan; temporarily suspending the earnings limitation for reemployed retired teachers; adopting the recommendations of the state auditor's volunteer fire relief association working group; requiring the state auditor to provide annual investment reports to relief associations; clarifying the classification of State Board of Investment professional employees; requiring the Department of Labor and Industry to study the adequacy of disability benefits for police officers; authorizing service credit purchases for teaching service in other states; making various administrative, technical, and clarifying changes; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 11A.04; 11A.07, subdivision 4, by adding subdivisions; 43A.18, subdivision 3b; 179A.10, subdivision 1; 352.01, by adding a subdivision; 352.113, subdivision 4; 352.27; 352.87, subdivision 6; 352.91, subdivision 3f; 352.94; 352.95, subdivisions 4, 6; 352B.011, by adding a subdivision; 352B.05; 352B.086; 352B.10, subdivision 4; 353.01, by adding a subdivision; 353.031, subdivisions 3, 7, 8; 353.32, subdivision 1a; 353.34, subdivision 5, by adding a subdivision; 353.657, subdivision 2a; 353.68, subdivision 4; 353G.01, subdivisions 7, 9a; 353G.05, subdivisions 1, 2, 3, by adding a subdivision; 353G.09, subdivisions 1, 2; 354.05, by adding a subdivision; 354.48, subdivisions 4, 6, 6a; 354A.011, by adding subdivisions; 354A.36, subdivisions 4, 6, by adding a subdivision; 356.20, subdivision 2; 356.24, subdivision 3; 356.551, subdivision 2; 356.645; 356A.06, subdivisions 6, 8a; 424A.001, subdivision 4; 424A.003; 424A.015, subdivision 2; 424A.05, subdivision 3, by adding a subdivision; 424A.08; 424A.092, subdivision 6; 424A.093, subdivision 6; 424A.095; 424A.10, subdivisions 1, 3; Minnesota Statutes 2021 Supplement, sections 353.01, subdivision 2b; 353G.11, subdivision 1; 424A.02, subdivisions 3, 3a; 424A.091, subdivision 3; 424A.093, subdivision 1; 424A.10, subdivision 2; 424B.10, subdivision 1b; 424B.13, subdivisions 4, 5, 8; 424B.22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 352; 352B; 354; 354A; repealing Minnesota Statutes 2020, section 353G.09, subdivision 3; Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, 2c.

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

ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM

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

352.27 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR BREAK-IN SERVICE TO PROVIDE UNIFORMED PERIODS OF MILITARY SERVICE.

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

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

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

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

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

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

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be at the applicable annual rate or rates specified in section 356.59,

subdivision 2, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

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

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

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

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

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

(3) one of the following applies:

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

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

(b) A service credit purchase is prohibited if:

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

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

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

(1) not be less than one year; and

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

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

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

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

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

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

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

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

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- (6) client advocate;
- (7) clinical program therapist 2;
- (8) clinical program therapist 3;
- (9) clinical program therapist 4;
- (10) customer services specialist principal;
- (11) dental assistant registered;
- (12) dental hygienist;
- ~~(12)~~ (13) group supervisor;
- ~~(13)~~ (14) group supervisor assistant;
- ~~(14)~~ (15) human services support specialist;
- ~~(15)~~ (16) licensed alcohol and drug counselor;

- ~~(16)~~ (17) licensed practical nurse;
- ~~(17)~~ (18) management analyst 3;
- ~~(18)~~ (19) occupational therapist;
- ~~(19)~~ (20) occupational therapist, senior;
- ~~(20)~~ (21) physical therapist;
- ~~(21)~~ (22) psychologist 1;
- ~~(22)~~ (23) psychologist 2;
- ~~(23)~~ (24) psychologist 3;
- ~~(24)~~ (25) recreation program assistant;
- ~~(25)~~ (26) recreation therapist lead;
- ~~(26)~~ (27) recreation therapist senior;
- ~~(27)~~ (28) rehabilitation counselor senior;
- (29) residential program lead;
- ~~(28)~~ (30) security supervisor;
- ~~(29)~~ (31) skills development specialist;
- ~~(30)~~ (32) social worker senior;
- ~~(31)~~ (33) social worker specialist;
- ~~(32)~~ (34) social worker specialist, senior;
- ~~(33)~~ (35) special education program assistant;
- ~~(34)~~ (36) speech pathology clinician;
- ~~(35)~~ (37) work therapy assistant; and
- ~~(36)~~ (38) work therapy program coordinator.

EFFECTIVE DATE. This section is effective on the first day of the first payroll period occurring after the date of enactment and applies to prospective service only.

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

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

(a) A member who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state employment in a position covered by the plan upon discharge from service in the uniformed services within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service,

provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

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

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

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

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

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

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

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

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

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

- (1) the member has at least three years of service credit with the plan;
- (2) the duration of the member's current period of employment is at least six months; and

(3) one of the following applies:

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

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

(b) A service credit purchase is prohibited if:

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

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

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

(1) not be less than one year; and

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

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

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

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

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

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

Sec. 6. Minnesota Statutes 2020, section 356.551, subdivision 2, is amended to read:

Subd. 2. Determination. (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary

retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

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

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

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

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

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

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

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

Sec. 7. DENTAL HYGIENIST AND RESIDENTIAL PROGRAM LEAD PERMITTED TO TRANSFER PRIOR MSRS-GENERAL SERVICE CREDIT.

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

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

Sec. 8. TRANSFER OF PAST SERVICE CREDIT FROM MINNESOTA STATE RETIREMENT SYSTEM GENERAL PLAN TO CORRECTIONAL PLAN.

Subdivision 1. Definitions. The following terms have the meanings given in this subdivision:

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 4. Payment by eligible person. (a) An eligible person may pay to the executive director the difference between the employee contribution rate for the general plan and the employee contribution rate for the correctional plan for the transfer period. The difference between the two rates must be applied to the eligible person's salary at the time that each contribution would have been deducted from pay if the eligible person had been covered by the correctional plan for the transfer period. The payment must include interest

at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 2, calculated from the date that each contribution would have been deducted to the date that payment is made.

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

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

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

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

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

Sec. 9. **PURCHASE OF SERVICE CREDIT AUTHORIZED FOR SURVIVOR OF DECEASED EMPLOYEE.**

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

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

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

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

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

Subd. 2. **Purchase of service credit authorized.** Notwithstanding any state law to the contrary, a surviving spouse may purchase service credit, as described under subdivision 4, on behalf of an eligible person. The surviving spouse may purchase only the amount of service credit that is sufficient for the eligible person to be credited with a total of 60 months of service credit.

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

(1) died in December 2020;

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

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

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

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

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

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

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

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

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

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

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

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

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

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

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

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

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

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

(9) persons who are:

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

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

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

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

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

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

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

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

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

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

(13) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

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

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

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

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

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

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

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

(vi) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees with coverage under a collective bargaining agreement by a multiemployer plan as defined in section 356.27, subdivision 1, who were either

first employed on or after June 1, 2018, or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter 211, article 16, section 13; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 3. **RETROACTIVE IMPLEMENTATION.**

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

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

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

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

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

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

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

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

Sec. 4. VESTING CREDIT FOR PAST SERVICE FOR CERTAIN EMPLOYEES OF THE DULUTH TRANSIT AUTHORITY.

Notwithstanding any state law to the contrary, an employee of the Duluth Transit Authority or any subdivision thereof, who is not a member of the Teamsters General Local Union 346, on the effective date must receive credit for all full and partial years of service as an employee of ATE Management of Duluth, Inc. for the purpose of determining whether the employee has satisfied the vesting requirement under Minnesota Statutes, section 353.01, subdivision 47. All service as an employee of ATE Management of Duluth, Inc., must be considered as allowable service in the general employees retirement plan for vesting purposes.

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

ARTICLE 3

RETIRED TEACHER EARNINGS LIMITATIONS

Section 1. SUSPENSION OF EARNINGS LIMITATIONS FOR RETIRED TEACHERS WHO RETURN TO WORK.

Subdivision 1. Reemployed teacher defined. For the purposes of this section, "reemployed teacher" means a person who retires under the provisions of Minnesota Statutes, chapter 354 or 354A, and who subsequently resumes teaching for a public school of the state, a charter school, or the Perpich Center for Arts Education. Reemployed teacher does not include a person who resumes teaching for a postsecondary institution, including a state college or university.

Subd. 2. Three-year suspension of earnings limitation for teachers covered by TRA and SPTRFA. (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall be deferred regardless of the amount of the salary earned from the teaching service during the preceding fiscal year. This paragraph applies only to salary earned during fiscal years 2022, 2023, and 2024 and annuity payments made during calendar years 2023, 2024, and 2025.

(b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be deferred or forfeited regardless of the amount of the salary earned from the teaching service during the preceding calendar year. This subdivision applies only to salary earned during calendar years 2022, 2023, and 2024 and annuity payments made during calendar years 2023, 2024, and 2025.

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

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

ARTICLE 4
VOLUNTEER FIREFIGHTER RETIREMENT

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

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

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

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

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

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

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

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

(b) A relief association or a municipality or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum retirement division or the monthly benefit retirement division of the retirement plan, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a monthly benefit defined benefit relief association governed by chapter 424A.

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

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

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

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

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

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

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

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

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

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

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

(e) If the request for coverage is for volunteer firefighters covered by a relief association that provides both a monthly benefit and a lump-sum benefit, the entity making the request must elect coverage by the monthly benefit retirement division, the lump-sum retirement division, or by both divisions.

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

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

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

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

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

~~(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter relief association or a defined contribution volunteer firefighter relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighter relief association, following approval of the request by the board of the volunteer firefighter relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighter relief association,~~

~~the cost analysis of the prospective retirement coverage must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.~~

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

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

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

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

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

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

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

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

Subd. 3. **Election of coverage; Cost analysis for coverage by the monthly benefit retirement division.** ~~(a) The process for electing coverage of volunteer firefighters by the monthly retirement division is initiated by a request to the executive director for an actuarial cost analysis of the prospective retirement coverage under the monthly benefit retirement division. This request must be made by the secretary of the volunteer firefighter relief association and the chief administrative officer of the entity associated with the relief association, both of which must first obtain approval of the request from their respective municipal governing body or independent nonprofit firefighting corporation. The request must be made in writing and must be made on a form prescribed by the executive director.~~

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

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

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

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

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

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

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

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

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

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

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

(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;

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

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

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

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

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

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

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

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

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

Completed years of good time service credit	Nonforfeitable percentage of the service pension
<u>less than 5</u>	<u>0 percent</u>
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent

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

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

(d) A person is described in this paragraph if the person becomes a member of the lump-sum retirement division in connection with the transfer of coverage from a relief association to the retirement plan on or

after January 1, 2023, or in connection with a municipality or independent nonprofit firefighting corporation joining the retirement plan on or after January 1, 2023.

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

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

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

(1) a minimum service pension level of \$500 per year;

(2) a maximum service pension level equal to the ~~largest maximum lump-sum service pension amount permitted under section 424A.02, subdivision 2~~ largest maximum lump-sum service pension amount permitted under section 424A.02, subdivision 3, ~~as a maximum lump-sum service pension amount payable for each year of service; and~~

(3) service pension levels between the minimum level and the maximum level in \$100 increments.

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

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

424A.003 CERTIFICATION OF SERVICE CREDIT.

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with the volunteer firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. Upon request, the fire chief shall provide the firefighter with a written explanation and documentation to support the determination of service credit. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter at least 21 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter rendered at least the minimum level of duties as specified and required by the fire department under the rules, regulations, and policies applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a volunteer firefighter who is a member of the relief association leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the firefighter must be certified as providing service credit for the period of the military service, up to the applicable limit of the federal Uniformed Services Employment

and Reemployment Rights Act. If the volunteer firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and canceled at the end of the calendar year in which the time limit set by federal law occurs.

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

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

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

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

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

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

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

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

(1) for a defined benefit relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump-sum service pension, the maximum monthly service pension amount for each pension payment type must be determined using the applicable table contained in subdivision 2b or 2c. per month for each year of service credited is the lesser of \$100 or the maximum monthly service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.093, subdivision 6, paragraph (d); and

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

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

~~(c) No defined benefit relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing~~

~~per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) A relief association must comply with a qualified domestic relations order purporting to assign all or a portion of a service pension accrued under the retirement plan of the relief association, to the extent vested, if the payment or payments required by the order are within the limits described in section 518.58, subdivision 4, paragraph (a), clauses (1) to (4). For the purpose of applying section 518.58, subdivision 4, paragraph (a), "plan" or "pension plan" as used in paragraph (a) means the articles or bylaws of the relief association and chapter 424A, as applicable to the relief association.

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

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

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

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

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

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

Subd. 3. Remedy for noncompliance; determination. (a) A municipality in which there exists a firefighters relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions of any applicable special law relating to the funding or financing of the association does not qualify initially to receive, and is not entitled subsequently

to retain, fire state aid under chapter 477B until the reason for the disqualification specified by the state auditor is remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(b) The state auditor shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters relief association fails to comply with the provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters relief association required under section 424A.014, the actuarial valuation of the relief association, if applicable, the relief association officers' financial requirements of the relief association and minimum municipal obligation determination documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable municipal or independent nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and any other relevant documents or reports obtained by the state auditor.

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

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

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

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

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

(5) the municipality failed to provide a municipal contribution, or the independent nonprofit firefighting corporation failed to provide a corporate contribution, in the amount equal to the minimum municipal obligation if the relief association is governed under section 424A.092, or the amount necessary, when added to the fire state aid actually received in the plan year in question, to at least equal in total the calculated annual financial requirements of the special fund of the relief association if the relief association is governed under section 424A.093, and, if the municipal or corporate contribution is deficient, the municipality failed to include the minimum municipal obligation certified under section 424A.092, subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent nonprofit firefighting corporation failed to include the minimum corporate obligation certified under section 424A.094, subdivision 2, in the corporate budget;

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

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

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

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

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

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

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

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

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

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

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

(c) If the special fund of ~~the~~ a relief association to which this section applies does not have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is required to provide financial support to the special fund ~~of the relief association~~ under this section, ~~the adoption of or any board of trustees of the relief association may adopt an amendment to the articles of incorporation or bylaws of a relief association which~~ that increases or otherwise affects the retirement coverage provided by or the, service pensions, or retirement benefits payable from the special fund of any provided by the relief association to which this section applies. The amendment is not effective until it is ratified by the governing body of the affiliated municipality served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable, and. The governing body may ratify such amendment only if the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment has delivered to the governing body the estimate described in paragraphs (a) and (b), certified by an officer of the relief association.

(d) If the special fund of ~~the~~ a relief association to which this section applies has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to provide

financial support to the special fund ~~of the relief association~~ under this section, the relief association may adopt ~~or amend its~~ an amendment to the articles of incorporation or bylaws which increase or otherwise affect that increases the retirement coverage provided by or the, service pensions, or retirement benefits payable from the special fund of provided by the relief association which are.

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 6. **Municipal ratification for plan bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after the board of trustees has had an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association.

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

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

(1) if the municipality ratifies the amendment; or

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

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

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

(2) the financial requirements of the special fund of the relief association exceeding to exceed the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association.

(e) If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no

longer effective ~~without municipal ratification~~ and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended ~~or adopted~~ with municipal ratification.

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

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

424A.095 INVESTMENTS.

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

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

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

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

(2) the relief association's asset allocation;

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

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

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

(6) a graphical comparison between:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The board of trustees' resolution approving an increase in the benefit level must be considered conditional on there being sufficient assets to fund the increase and must state that if, as of the date benefits are transferred to the defined contribution plan, there are not sufficient assets to cover all benefit liabilities at the new higher benefit level, the benefit level will be reduced until assets equal or are greater than liabilities. The resolution must state that the new lower benefit level will be considered approved by the board of trustees without further action by the board.

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

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

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

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

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

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

Sec. 25. **REVISOR INSTRUCTION.**

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

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

Sec. 26. **REPEALER.**

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

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

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

ARTICLE 5

DISABILITY ASSESSMENTS BY ADVANCED PRACTICE REGISTERED NURSES

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

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

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

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

(b) An applicant shall provide a detailed report signed by a physician, and at least one additional report signed by a physician, psychologist, chiropractor, physician assistant, podiatrist, or ~~nurse practitioner~~ APRN with evidence to support an application for total and permanent disability. The reports must include an expert

opinion regarding whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17, and that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service.

(c) If there is medical evidence that supports the expectation that at some point the person applying for the disability benefit will no longer be disabled, the decision granting the disability benefit may provide for a termination date upon which the total and permanent disability can be expected to no longer exist. When a termination date is part of the decision granting benefits, prior to the benefit termination the executive director shall review any evidence provided by the disabled employee to show that the disabling condition for which benefits were initially granted continues. If the benefits cease, the disabled employee may follow the appeal procedures described in section 356.96 or may reapply for disability benefits using the process described in this subdivision.

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

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

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

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

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

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

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

Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide medical, chiropractic, or psychological evidence to support an application for disability benefits. The director shall have the employee

examined by at least one additional licensed physician, APRN, chiropractor, or psychologist who is designated by the medical adviser. The physicians, APRNs, chiropractors, or psychologists with respect to a mental impairment, shall make written reports to the director concerning the question of the employee's disability, including their expert opinions as to whether the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, and whether the employee has a duty disability, physical or psychological, under section 352.01, subdivision 17b, or has a regular disability, physical or psychological, under section 352.01, subdivision 17c. The director shall also obtain written certification from the employer stating whether or not the employee is on sick leave of absence because of a disability that will prevent further service to the employer performing normal duties as defined in section 352.01, subdivision 17d, or performing less frequent duties as defined in section 352.01, subdivision 17e, and as a consequence, the employee is not entitled to compensation from the employer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 6. **Regular physical examinations.** At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director may require the disability benefit recipient to undergo an expert examination by a physician or physicians, by a chiropractor or chiropractors, by an APRN or APRNs, or by one or more psychologists with respect to a mental impairment, engaged by the executive director. If an examination

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

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

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

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

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

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

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

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

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

parties, the board determines that the coordinated member is totally and permanently disabled within the meaning of section 354A.011, subdivision 14, ~~the board shall grant the coordinated member a disability benefit. A member who is placed on a leave of absence without compensation as a result of the disability is not barred from receiving a disability benefit under this section.~~

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

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

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

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

Subd. 6. Requirement for regular physical examinations. At least once each year during the first five years following the granting of a disability benefit to a coordinated member ~~by the board~~ and at least once in every three-year period thereafter, the board may require the disability benefit recipient to undergo an expert examination ~~as a condition for continued entitlement of the benefit recipient to receive a disability benefit. If the board requires an examination, the expert examination must be made at the place of residence of the disability benefit recipient or at any other place mutually agreeable to the disability benefit recipient and the board.~~ The expert examination must be made by a ~~physician or physicians, by a chiropractor or chiropractors, or by one or more psychologists~~ medical expert engaged by the board, in its sole discretion. The ~~physician or physicians, the chiropractor or chiropractors, or the psychologist or psychologists with respect to a mental impairment,~~ medical expert conducting the ~~expert~~ examination shall make a written report to the board concerning the disability benefit recipient and the recipient's disability, including a statement of the ~~expert~~ medical expert's opinion of the ~~physician, chiropractor, or psychologist~~ as to whether or not the member remains permanently and totally disabled within the meaning of section 354A.011, subdivision 14. If the board determines from consideration of the ~~written expert examination~~ medical expert's report of the physician, of the chiropractor, or of the psychologist, with respect to a mental impairment, that the disability benefit recipient is no longer permanently and totally disabled or ~~if the board determines~~ that the benefit recipient is engaged or is able to engage in a gainful occupation, unless the disability benefit recipient is partially employed under subdivision 7, then further disability benefit payments from the fund must be discontinued within 60 days of the determination by the board. The discontinuation of disability benefits must occur immediately if the disability recipient is reinstated to the district payroll following sick leave and within 60 days of the determination by the board following the expert examination and report of the physician or physicians, chiropractor or chiropractors, or psychologist or psychologists engaged by the

~~board that the disability benefit recipient is no longer permanently and totally disabled within the meaning of section 354A.011, subdivision 14.~~

Sec. 18. **EFFECTIVE DATE.**

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

ARTICLE 6

STATE BOARD OF INVESTMENT

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

11A.04 DUTIES AND POWERS; APPROPRIATION.

The state board shall:

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

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

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

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

(9) Direct the commissioner of management and budget to sell property other than money that has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property must be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(12) Except as otherwise provided in article XI, section 8, of the Constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board,

from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs of employing private firms. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified employees of the state board ~~employees who are not covered by a collective bargaining agreement pursuant to section 43A.18, subdivision 3b.~~

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

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

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

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

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

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

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

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

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

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

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

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

(8) prepare and file with the director of the Legislative Reference Library, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during the preceding

~~fiscal year. The report must be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees. The report must include an executive summary;~~

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

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

(11) receive and expend legislative appropriations; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) positions of all confidential employees; and

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

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

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

ARTICLE 7

STUDY OF ADEQUACY OF POLICE DISABILITY BENEFITS

Section 1. DEPARTMENT OF LABOR AND INDUSTRY; STUDY OF ADEQUACY OF POLICE DISABILITY BENEFITS.

The Department of Labor and Industry shall study the adequacy of current benefits available to disabled or injured police officers. The study shall consider workers' compensation, disability, and pension benefits and the adequacy of these benefits for Minnesota police officers. At least one public hearing shall be held. The Public Employees Retirement Association shall cooperate with the department in conducting this study. The department shall issue a report no later than January 15, 2023, to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety and employment issues and to the chair of the Legislative Commission on Pensions and Retirement.

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

Sec. 2. APPROPRIATION.

\$125,000 in fiscal year 2023 is appropriated from the general fund to the Department of Labor and Industry for costs associated with conducting the study required by this article. This is a onetime appropriation.

ARTICLE 8

SERVICE CREDIT PURCHASE FOR TEACHING SERVICE IN OTHER STATES

Section 1. [354.544] SERVICE CREDIT PURCHASE FOR TEACHING SERVICE IN OTHER STATES.

Subdivision 1. **Service credit purchase authorized.** (a) A teacher who has at least three years of allowable service credit with the Teachers Retirement Association is entitled to purchase up to five years of allowable and formula service credit for periods of service as an elementary or secondary public or charter school teacher in another state by making payment of the purchase payment amount under subdivision 4.

(b) Periods of service that may be purchased are:

- (1) periods of service as a teacher in another state before becoming a member of the association; and
- (2) periods of service as a teacher in another state during any period of employment after terminating teaching service as a member of the association and before returning to teaching service as a member of the association.

(c) A teacher is not permitted to purchase a period of service if the purchase would result in an entitlement to service credit for the same period of service in more than one pension or retirement plan.

Subd. 2. **Application and documentation.** A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include:

- (1) documentation showing the teacher's period of employment as a teacher in another state;
- (2) the period of employment for which service credit is being purchased;
- (3) permission to allow the executive director to request and receive verification of such employment;

(4) documentation showing that the teacher has forfeited all rights to benefits for the period of employment as a teacher in another state; and

(5) any other relevant information requested by the executive director.

Subd. 3. Grant of service credit. The Teachers Retirement Association must grant allowable service credit to the teacher making the purchase for the period being purchased upon receipt of the purchase payment amount. Payment must be made by the earlier of the teacher's termination of teaching service or one year after the executive director's approval of the teacher's application to purchase service credit. Purchasing allowable service credit under this section does not change the date the teacher first became a member of the association for the purpose of computing an annuity under section 354.44, subdivision 6.

Subd. 4. Purchase payment amount. The purchase payment amount is the amount determined under section 356.551 for the period or periods of service requested, except that, for purposes of calculating the purchase payment amount to purchase allowable service credit for service as a teacher in another state that occurred before becoming a member of the association or between periods of teaching service as a member of the association, section 356.551, subdivision 2, paragraph (c), shall not apply.

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

Sec. 2. [354A.0961] SERVICE CREDIT PURCHASE FOR TEACHING SERVICE IN OTHER STATES.

Subdivision 1. Service credit purchase authorized. (a) A teacher who has at least three years of allowable service credit with the St. Paul Teachers Retirement Fund Association is entitled to purchase up to five years of allowable and formula service credit for periods of service as an elementary or secondary public or charter school teacher in another state by making payment of the purchase payment amount under subdivision 4.

(b) Periods of service that may be purchased are:

(1) periods of service as a teacher in another state before becoming a member of the association; and

(2) periods of service as a teacher in another state during any period of employment after terminating teaching service as a member of the association and before returning to teaching service as a member of the association.

(c) A teacher is not permitted to purchase a period of service if the purchase would result in an entitlement to service credit for the same period of service in more than one pension or retirement plan.

Subd. 2. Application and documentation. A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include:

(1) documentation showing the teacher's period of employment as a teacher in another state;

(2) the period of employment for which service credit is being purchased;

(3) permission to allow the executive director to request and receive verification of such employment;

(4) documentation showing that the teacher has forfeited all rights to benefits for the period of employment as a teacher in another state; and

(5) any other relevant information requested by the executive director.

Subd. 3. **Grant of service credit.** The St. Paul Teachers Retirement Fund Association must grant allowable service credit to the teacher making the purchase for the period being purchased upon receipt of the purchase payment amount. Payment must be made by the earlier of the teacher's termination of teaching service or one year after the executive director's approval of the teacher's application to purchase service credit. Purchasing allowable service credit under this section does not change the date the teacher first became a member of the association for the purpose of computing an annuity under section 354A.31, subdivision 6.

Subd. 4. **Purchase payment amount.** The purchase payment amount is the amount determined under section 356.551 for the period or periods of service requested, except that, for purposes of calculating the purchase payment amount to purchase allowable service credit for service as a teacher in another state that occurred before becoming a member of the association or between periods of teaching service as a member of the association, section 356.551, subdivision 2, paragraph (c), shall not apply.

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

Sec. 3. Minnesota Statutes 2020, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

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

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

(2) This clause applies when the calculation is being done for purposes of section 353.0141, subdivision 3; 354.544; or 354A.0961. The calculation must include continuous future service in the public pension plan until, and retirement at, any age at or after which the minimum requirements of the fund for early retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must be determined using the retirement age that provides the most valuable benefit to the member. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 8.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,

compounded annually, from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

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

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

ARTICLE 9

TECHNICAL CLARIFICATIONS AND CORRECTIONS

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

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

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

352.94 AUGMENTATION FOR EMPLOYEES WITH GENERAL AND CORRECTIONAL SERVICE.

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

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

Subd. 6. **Disability benefit for certain employees with regular plan service.** If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee is entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for that service which when combined with the correctional service exceeds number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under section 352.113 for a disability benefit based on the regular plan service, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee is entitled based on regular plan service must be augmented as provided in section ~~352.72~~ 352.22, subdivision 3a, while the employee is receiving a disability benefit under this section.

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

352B.05 INVESTMENTS.

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

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

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

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

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who is vested under section 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using

section 353.30, subdivision 1b, except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

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

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

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

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

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

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

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

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

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

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

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

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

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

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

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

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

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

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

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

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

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

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

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- (6) the University of Minnesota faculty retirement plan;
- (7) the University of Minnesota faculty supplemental retirement plan;
- (8) the judges retirement fund;
- (9) the Bloomington Fire Department Relief Association;
- (10) a volunteer firefighter relief association governed by section 424A.091;
- (11) the public employees police and fire plan of the Public Employees Retirement Association;
- (12) the correctional state employees retirement plan of the Minnesota State Retirement System;
- (13) the local government correctional service retirement plan of the Public Employees Retirement Association; and
- (14) the statewide ~~lump-sum~~ volunteer firefighter plan.

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

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

- (1) "deferred compensation plan" means a plan that satisfies the requirements ~~in~~ of this subdivision;
- (2) "plan administrator" means the individual or entity defined as the plan administrator in the plan document for the Minnesota deferred compensation plan under section 352.965 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and
- (3) "vendor" means the provider of an annuity contract, custodial account, or retirement income account under a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code.

(b) The plan is:

- (1) the Minnesota deferred compensation plan under section 352.965;
- (2) a tax-sheltered annuity ~~program~~ plan under section 403(b) of the Internal Revenue Code; or
- (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

(c) For each investment fund available to participants under the plan, other than in a self-directed brokerage account, the plan administrator or ~~custodian~~ vendor discloses at least annually to participants a statement that sets forth (1) all fees, including administrative, maintenance, and investment fees, that impact the rate of return on each investment fund available under the plan, and (2) ~~for each investment fund,~~ the rates of return for the prior one-, three-, five-, and ten-year periods or for the life of the fund, if shorter, in an easily understandable document. The plan administrator or ~~custodian~~ vendor must file a copy of this

~~document~~ statement with the executive director of the Legislative Commission on Pensions and Retirement within 30 days of the end of each fiscal year of the plan.

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

(1) a personnel policy of the public employer;

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

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

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

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

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

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

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

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

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

(2) savings accounts in federally insured financial institutions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) **Government-backed obligations.** A limited list plan is authorized to invest in governmental obligations as further specified in this paragraph, including bonds, notes, bills, mortgages, and other evidences of indebtedness, if the issue is backed by the full faith and credit of the issuer or if the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which plans are authorized to invest under this paragraph are guaranteed or insured issues of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) directly associated with:

(i) a fire department established by municipal ordinance;

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

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

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

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

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

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

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

424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED DISBURSEMENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters relief association or by the statewide ~~lump-sum~~ volunteer firefighter plan of a lump-sum distribution to a qualified recipient, the association or retirement plan, as applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the statewide ~~lump-sum~~ volunteer firefighter plan must pay the supplemental benefit out of the statewide ~~lump-sum~~ volunteer firefighter plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer

firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

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

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

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

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

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

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

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

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

Subd. 5. **Determination of value of pension benefits and distribution to retirees in pay status.** (a) The board of trustees shall determine the present value of each participant's accrued benefit, taking into

account the full vesting requirement under subdivision 2 and any increase in the lump-sum benefit or monthly pension amount approved under subdivision 4:

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

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

(b) If the retirement plan pays a monthly pension, the board of trustees ~~shall~~ must determine the present value of the remaining payments to any retiree in pay status or beneficiary who is receiving an annuity. Present value ~~shall~~ must be determined by an actuary who meets the definition of approved actuary under section 356.215, subdivision 1, paragraph (c), retained by the relief association. At the discretion of the relief association, the relief association shall offer must provide the retiree in pay status or beneficiary receiving the annuity either:

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

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

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

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

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

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

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

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

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

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

Sec. 22. **EFFECTIVE DATE.**

(a) Sections 1 to 10 and 13 to 21 are effective the day following final enactment.

(b) Section 11 is effective July 1, 2024, except the amendments to paragraphs (f) and (g) are effective the day following final enactment.

(c) Section 12 is effective January 1, 2023.

Presented to the governor May 20, 2022

Signed by the governor May 22, 2022, 3:40 p.m.