

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1249

(SENATE AUTHORS: PAPPAS)

DATE	D-PG	OFFICIAL STATUS
03/11/2013	772	Introduction and first reading Referred to State and Local Government See SF1191, Art. 5 See SF489, Art. 13, Sec. 1-2, 4, 6-9, 12-13, 15-16, 18-19, 21

A bill for an act

1.1 relating to retirement; St. Paul Teachers Retirement Fund Association; increasing
1.2 state aid by up to \$10,000,000 annually; increasing employee and employer
1.3 contributions; requiring employer contributions for reemployed annuitants;
1.4 requiring a 180-day separation to qualify for a retirement annuity; requiring
1.5 forfeiture of reemployed annuitant accounts by post-June 30, 2013, retirees;
1.6 increasing accrual rates on post-June 30, 2014, service; revising early retirement
1.7 factors; moving the Teachers Retirement Association aid authorization to
1.8 a new section; appropriating money; amending Minnesota Statutes 2012,
1.9 sections 354A.011, subdivision 21; 354A.12, subdivisions 1, 2a, 3a, 3c, 7, by
1.10 adding a subdivision; 354A.31, subdivisions 3, 4, 7; 354A.35, subdivision 2;
1.11 356.47, subdivision 1; 423A.02, subdivision 5; proposing coding for new law in
1.12 Minnesota Statutes, chapter 354.
1.13

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

1.15 Section 1. **[354.436] DIRECT STATE AID ON BEHALF OF THE FORMER**
1.16 **MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.**

1.17 **Subdivision 1. Aid authorization.** The state shall pay \$12,954,000 to the Teachers
1.18 Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund
1.19 Association.

1.20 **Subd. 2. Aid appropriation.** The commissioner of management and budget shall
1.21 pay the aid. The amount required is appropriated annually from the general fund to the
1.22 commissioner of management and budget.

1.23 **Subd. 3. Aid expiration.** The aid specified in this section terminates and this
1.24 section expires when the current assets of the Teachers Retirement Association fund equal
1.25 or exceed the actuarial accrued liabilities of the fund as determined in the most recent
1.26 actuarial valuation report for the Teachers Retirement Association fund by the actuary
1.27 retained under section 356.214, or on the established date for full funding under section
1.28 356.215, subdivision 11, whichever occurs earlier.

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

2.2 Sec. 2. Minnesota Statutes 2012, section 354A.011, subdivision 21, is amended to read:

2.3 Subd. 21. **Retirement.** (a) "Retirement" means the time after the date of cessation
 2.4 of active teaching service by a teacher who is ~~thereafter~~ then entitled to an accrued
 2.5 retirement annuity ~~commencing~~ beginning as designated by the board of trustees and
 2.6 payable ~~pursuant to an~~ upon filing a valid application for an annuity ~~filed~~ with the board.
 2.7 The applicable provisions of law, articles of incorporation and bylaws in effect on the date
 2.8 of cessation of active teaching service thereafter determine the rights of the person.

2.9 (b) For members of the St. Paul Teachers Retirement Fund Association, a right to a
 2.10 retirement annuity requires a complete and continuous separation for 180 days from
 2.11 employment in any form with Independent School District No. 625, including service as
 2.12 an independent contractor or as an employee of an independent contractor.

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

2.14 Sec. 3. Minnesota Statutes 2012, section 354A.12, subdivision 1, is amended to read:

2.15 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
 2.16 by each member of a teachers retirement fund association is the percentage of total salary
 2.17 specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	
before July 1, 2011	5.5 percent
effective July 1, 2011	6.0 percent
effective July 1, 2012	6.5 percent
St. Paul Teachers Retirement Fund Association	
basic program before July 1, 2011	8 percent
basic program after June 30, 2011	8.25 percent
basic program after June 30, 2012	8.5 percent
basic program after June 30, 2013	8.75 percent
basic program after June 30, 2014	9.0 percent
<u>basic program after June 30, 2015</u>	<u>9.5 percent</u>
<u>basic program after June 30, 2016</u>	<u>10.0 percent</u>
coordinated program before July 1, 2011	5.5 percent
coordinated program after June 30, 2011	5.75 percent
coordinated program after June 30, 2012	6.0 percent
coordinated program after June 30, 2013	6.25 percent
coordinated program after June 30, 2014	6.50 percent

3.1	<u>coordinated program after June 30, 2015</u>	<u>7.0 percent</u>
3.2	<u>coordinated program after June 30, 2016</u>	<u>7.50 percent</u>

3.3 (b) Contributions shall be made by deduction from salary and must be remitted
3.4 directly to the respective teachers retirement fund association at least once each month.

3.5 (c) When an employee contribution rate changes for a fiscal year, the new
3.6 contribution rate is effective for the entire salary paid by the employer with the first
3.7 payroll cycle reported.

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

3.9 Sec. 4. Minnesota Statutes 2012, section 354A.12, subdivision 2a, is amended to read:

3.10 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
3.11 units shall make the following employer contributions to teachers retirement fund
3.12 associations:

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

3.17	Duluth Teachers Retirement Fund Association	
3.18	before July 1, 2011	5.79 percent
3.19	effective July 1, 2011	6.29 percent
3.20	effective July 1, 2012	6.79 percent
3.21	St. Paul Teachers Retirement Fund Association	
3.22	before July 1, 2011	4.50 percent
3.23	after June 30, 2011	4.75 percent
3.24	after June 30, 2012	5.0 percent
3.25	after June 30, 2013	5.25 percent
3.26	after June 30, 2014	5.5 percent
3.27	<u>after June 30, 2015</u>	<u>6.0 percent</u>
3.28	<u>after June 30, 2016</u>	<u>6.5 percent</u>

3.29 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
3.30 employing unit shall make a regular employer contribution to the respective retirement
3.31 fund in an amount according to the schedule below:

3.32	before July 1, 2011	8.0 percent of salary
3.33	after June 30, 2011	8.25 percent of salary
3.34	after June 30, 2012	8.5 percent of salary
3.35	after June 30, 2013	8.75 percent of salary
3.36	after June 30, 2014	9.0 percent of salary

4.1 after June 30, 2015 9.5 percent of salary
 4.2 after June 30, 2016 10.0 percent of salary

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

4.6 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,
 4.7 the employing unit shall make an additional employer contribution to the respective fund
 4.8 in an amount equal to the applicable percentage of the coordinated member's salary,
 4.9 as provided below:

4.10 St. Paul Teachers Retirement Fund Association 3.84 percent

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

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

4.17 (d) When an employer contribution rate changes for a fiscal year, the new
 4.18 contribution rate is effective for the entire salary paid by the employer with the first
 4.19 payroll cycle reported.

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

4.21 Sec. 5. Minnesota Statutes 2012, section 354A.12, is amended by adding a subdivision
 4.22 to read:

4.23 **Subd. 2c. St. Paul Teachers Retirement Fund Association; employer**
 4.24 **contributions for reemployed annuitants.** The school district shall make the regular
 4.25 employer contributions and additional employer contributions specified in subdivision 2a
 4.26 on behalf of any retired member of the St. Paul Teachers Retirement Fund Association
 4.27 who is reemployed by Independent School District No. 625, including providing service
 4.28 as an independent contractor or as an employee of an independent contractor.

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

4.30 Sec. 6. Minnesota Statutes 2012, section 354A.12, subdivision 3a, is amended to read:

4.31 **Subd. 3a. Special direct state aid to first class city teachers retirement**
 4.32 **fund associations.** (a) The state shall pay as special direct state aid \$346,000 to the
 4.33 Duluth Teachers Retirement Fund Association; and \$2,827,000 to the St. Paul Teachers

5.1 Retirement Fund Association and, for the former Minneapolis Teachers Retirement Fund
5.2 Association, \$12,954,000 to the Teachers Retirement Association.

5.3 ~~(b) The direct state aids under this subdivision are payable October 1 annually. The~~
5.4 ~~commissioner of management and budget shall pay the direct state aid. The amount~~
5.5 ~~required under this subdivision is appropriated annually from the general fund to the~~
5.6 ~~commissioner of management and budget.~~

5.7 (b) In addition to the aid specified in paragraph (a), the state shall pay to the St. Paul
5.8 Teachers Retirement Fund Association additional aid which varies depending upon the
5.9 relationship of the net annual calendar time-weighted total portfolio rate of return of
5.10 the St. Paul Teachers Retirement Fund Association, as computed by the Office of the
5.11 State Auditor and included in the most recent investment disclosure report under section
5.12 356.219, subdivision 6, and the preretirement interest rate assumption for the same year
5.13 for the St. Paul Teachers Retirement Fund Association under section 356.215, subdivision
5.14 8. The aid provided under this paragraph is \$10,000,000 annually before adjustments. If
5.15 the applicable St. Paul Teachers Retirement Fund Association rate of return exceeds the
5.16 preretirement interest rate assumption, the aid under this paragraph is reduced by \$500,000
5.17 for every one percent of return in excess of the preretirement interest rate assumption. The
5.18 net aid payable under this paragraph must not be less than \$3,000,000 annually.

5.19 (c) The aids under this subdivision are payable annually October 1. The
5.20 commissioner of management and budget shall pay the aids specified in this subdivision.
5.21 The amounts required are appropriated annually from the general fund to the commissioner
5.22 of management and budget.

5.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.
5.24 The first aid payment under paragraph (b) is payable on October 1, 2013, based on results
5.25 in the Office of the State Auditor report referred to in that paragraph for the calendar
5.26 year ending December 31, 2011.

5.27 Sec. 7. Minnesota Statutes 2012, section 354A.12, subdivision 3c, is amended to read:

5.28 Subd. 3c. **Termination of supplemental contributions and direct matching**
5.29 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers
5.30 Retirement Fund Association by Independent School District No. 625 under section
5.31 423A.02, subdivision 3, or the direct and all forms of state aid under subdivision 3a to the
5.32 St. Paul Teachers Retirement Fund Association must continue until the current assets of
5.33 the fund equal or exceed the actuarial accrued liability of the fund as determined in the
5.34 most recent actuarial report for the fund by the actuary retained under section 356.214 or
5.35 until June 30, 2037, whichever occurs earlier.

6.1 (b) The aid to the Duluth Teachers Retirement Fund Association under section
6.2 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth
6.3 Teachers Retirement Fund Association must continue until the current assets of the fund
6.4 equal or exceed the actuarial accrued liability of the fund as determined in the most
6.5 recent actuarial report for the fund by the actuary retained under section 356.214 or until
6.6 the established date for full funding under section 356.215, subdivision 11, whichever
6.7 occurs earlier.

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

6.9 Sec. 8. Minnesota Statutes 2012, section 354A.12, subdivision 7, is amended to read:

6.10 Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers,
6.11 within the time period specified in subdivision 8 following the payment of a refund or
6.12 the accrual date of any retirement annuity, survivor benefit, or disability benefit, that
6.13 benefit overpayment has occurred due to using invalid service or salary, or due to any
6.14 erroneous calculation procedure, the executive director must recalculate the annuity or
6.15 benefit payable and recover any overpayment. The executive director shall recover the
6.16 overpayment by requiring direct repayment or by suspending or reducing the payment of a
6.17 retirement annuity or other benefit payable under this chapter to the applicable person or
6.18 the person's estate, whichever applies, until all outstanding amounts have been recovered.
6.19 If a benefit overpayment or improper payment of benefits occurred caused by a failure
6.20 of the person to satisfy length of separation requirements for retirement under section
6.21 354A.011, subdivision 21, the executive director shall recover the improper payments by
6.22 requiring direct repayment.

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

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

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

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

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

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

7.11 Sec. 9. Minnesota Statutes 2012, section 354A.31, subdivision 3, is amended to read:

7.12 Subd. 3. **Resumption of teaching after commencement of a retirement annuity.**

7.13 (a) Any person who retired and is receiving a coordinated program retirement annuity
7.14 under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic
7.15 program retirement annuity under the governing sections in the articles of incorporation
7.16 or bylaws and who has resumed teaching service for the school district in which the
7.17 teachers retirement fund association exists is entitled to continue to receive retirement
7.18 annuity payments, except that all or a portion of the annuity payments must be deferred
7.19 during the calendar year immediately following the calendar year in which the person's
7.20 salary from the teaching service is in an amount greater than \$46,000. The amount of the
7.21 annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted
7.22 from the annuity payable for the calendar year immediately following the calendar year
7.23 in which the excess amount was earned.

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

7.27 (c) After a person has reached the Social Security normal retirement age, no deferral
7.28 requirement is applicable regardless of the amount of any compensation received for
7.29 teaching service for the school district in which the teachers retirement fund association
7.30 exists.

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

7.33 (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul
7.34 Teachers Retirement Fund Association basic or coordinated program member whose
7.35 effective date of retirement is after June 30, 2013, amounts specified as deferred under

8.1 this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund
 8.2 Association fund.

8.3 (e) (f) For the purpose of this subdivision, salary from teaching service includes: (i)
 8.4 all income for services performed as a consultant or independent contractor; or income
 8.5 resulting from working with the school district in any capacity; and (ii) the greater of either
 8.6 the income received or an amount based on the rate paid with respect to an administrative
 8.7 position, consultant, or independent contractor in the school district in which the teachers
 8.8 retirement fund association exists and at the same level as the position occupied by the
 8.9 person who resumes teaching service.

8.10 (f) (g) On or before February 15 of each year, each applicable employing unit
 8.11 shall report to the teachers retirement fund association the amount of postretirement
 8.12 salary as defined in this subdivision, earned as a teacher, consultant, or independent
 8.13 contractor during the previous calendar year by each retiree of the teachers retirement
 8.14 fund association for teaching service performed after retirement. The report must be in
 8.15 a format approved by the executive secretary or director.

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

8.17 Sec. 10. Minnesota Statutes 2012, section 354A.31, subdivision 4, is amended to read:

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

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

8.24 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
 8.25 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
 8.26 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces
 8.27 a higher annuity amount, in which case paragraph (d) will apply. For service rendered
 8.28 before July 1, 2014, the retirement annuity formula percentage for purposes of this
 8.29 paragraph is the percent specified in section 356.315, subdivision 1, per year for each year
 8.30 of coordinated service for the first ten years and the percent specified in section 356.315,
 8.31 subdivision 2, for each year of coordinated service thereafter. For service rendered after
 8.32 June 30, 2014, the retirement annuity formula percentage for purposes of this paragraph
 8.33 is the percent specified in section 356.315, subdivision 1a, per year for each year of
 8.34 coordinated service for the first ten years and the percent specified in section 356.315,
 8.35 subdivision 2b, for each year of coordinated service thereafter.

9.1 (d) This paragraph applies to a person who has become at least 55 years old and who
 9.2 first becomes a member after June 30, 1989, and to any other member who has become
 9.3 at least 55 years old and whose annuity amount, when calculated under this paragraph
 9.4 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph
 9.5 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula
 9.6 percentage for purposes of this paragraph is the percent specified in section 356.315,
 9.7 subdivision 2, for each year of coordinated service rendered before July 1, 2014, and
 9.8 the percent specified in section 356.215, subdivision 2b, for each year of coordinated
 9.9 service thereafter.

9.10 **EFFECTIVE DATE.** This section is effective July 1, 2014.

9.11 Sec. 11. Minnesota Statutes 2012, section 354A.31, subdivision 7, is amended to read:

9.12 Subd. 7. **Actuarial reduction for early retirement.** (a) This subdivision applies to
 9.13 a person who has become at least 55 years old and first becomes a coordinated member
 9.14 after June 30, 1989, and to any other coordinated member who has become at least 55
 9.15 years old and whose annuity is higher when calculated using the retirement annuity
 9.16 formula percentage in subdivision 4, paragraph (d), ~~and~~ or subdivision 4a, paragraph (d),
 9.17 as applicable, in conjunction with this subdivision than when calculated under subdivision
 9.18 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

9.19 (b) A coordinated member who retires before the ~~full benefit~~ normal retirement
 9.20 age shall be paid the retirement annuity calculated using the retirement annuity formula
 9.21 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), ~~reduced so~~
 9.22 ~~that the reduced annuity is the actuarial equivalent of the annuity that would be payable~~
 9.23 ~~to the member if the member deferred receipt of the annuity and the annuity amount~~
 9.24 ~~were augmented at an annual rate of three percent compounded annually from the day~~
 9.25 ~~the annuity begins to accrue until the normal retirement age if the employee became an~~
 9.26 ~~employee before July 1, 2006, and at 2.5 percent compounded annually from the day the~~
 9.27 ~~annuity begins to accrue until the normal retirement age if the person initially becomes a~~
 9.28 ~~teacher after June 30, 2006.~~ whichever is applicable, multiplied by the applicable early
 9.29 retirement factor specified below:

	<u>Under age 62</u>		<u>Age 62 or older</u>	
	<u>or less than 30 years of service</u>		<u>with 30 years of service</u>	
9.30				
9.31				
9.32	<u>Normal retirement age:</u>	<u>65</u>	<u>66</u>	<u>65</u> <u>66</u>
9.33	<u>Age at retirement</u>			
9.34	<u>55</u>	<u>0.5376</u>	<u>0.4592</u>	
9.35	<u>56</u>	<u>0.5745</u>	<u>0.4992</u>	

10.1	<u>57</u>	<u>0.6092</u>	<u>0.5370</u>		
10.2	<u>58</u>	<u>0.6419</u>	<u>0.5726</u>		
10.3	<u>59</u>	<u>0.6726</u>	<u>0.6062</u>		
10.4	<u>60</u>	<u>0.7354</u>	<u>0.6726</u>		
10.5	<u>61</u>	<u>0.7947</u>	<u>0.7354</u>		
10.6	<u>62</u>	<u>0.8507</u>	<u>0.7947</u>	<u>0.8831</u>	<u>0.8389</u>
10.7	<u>63</u>	<u>0.9035</u>	<u>0.8507</u>	<u>0.9246</u>	<u>0.8831</u>
10.8	<u>64</u>	<u>0.9533</u>	<u>0.9035</u>	<u>0.9635</u>	<u>0.9246</u>
10.9	<u>65</u>	<u>1.0000</u>	<u>0.9533</u>	<u>1.0000</u>	<u>0.9635</u>
10.10	<u>66</u>		<u>1.0000</u>		<u>1.0000</u>

10.11 **EFFECTIVE DATE.** This section is effective July 1, 2013.

10.12 Sec. 12. Minnesota Statutes 2012, section 354A.35, subdivision 2, is amended to read:

10.13 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a)

10.14 The surviving spouse of a vested coordinated member who dies prior to retirement may
 10.15 elect to receive, instead of a refund with interest under subdivision 1, an annuity equal
 10.16 to the 100 percent joint and survivor annuity the member could have qualified for had
 10.17 the member terminated service on the date of death. The surviving spouse eligible for
 10.18 a surviving spouse benefit under this paragraph may apply for the annuity at any time
 10.19 after the date on which the deceased employee would have attained the required age for
 10.20 retirement based on the employee's allowable service. A surviving spouse eligible for
 10.21 surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time
 10.22 after the member's death. The member's surviving spouse shall be paid a joint and survivor
 10.23 annuity under section 354A.32 and computed under section 354A.31.

10.24 (b) If the member was under age 55 and has credit for at least 30 years of allowable
 10.25 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
 10.26 and survivor annuity based on the age of the member and surviving spouse on the date
 10.27 of death. The annuity is payable using the full early retirement reduction under section
 10.28 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement
 10.29 reduction from age 55 to the age payment begins.

10.30 (c) If a vested member of the Duluth Teachers Retirement Fund Association was
 10.31 under age 55 on the date of death but did not yet qualify for retirement, the surviving
 10.32 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
 10.33 of the member and the survivor at the time of death. The annuity is payable using the
 10.34 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
 10.35 one-half of the early retirement reduction from age 55 to the date payment begins.

11.1 (d) If a vested member of the St. Paul Teachers Retirement Fund Association was
 11.2 under age 55 on the date of death but did not yet qualify for retirement, the surviving
 11.3 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
 11.4 of the member and the survivor at the time of death. The annuity is payable using the
 11.5 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
 11.6 one-half of the actuarial equivalent reduction from age 55 to the date payment begins.
 11.7 The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial
 11.8 equivalent of the annuity that would be payable to the member if the member deferred
 11.9 receipt of the annuity and the annuity amount were augmented at an annual rate of three
 11.10 percent compounded annually from the day the annuity begins to accrue until the normal
 11.11 retirement age.

11.12 ~~(d)~~ (e) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity
 11.13 or surviving spouse benefit payable under this section. The benefits are payable for the
 11.14 life of the surviving spouse, or upon expiration of the term certain benefit payment under
 11.15 subdivision 2b.

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

11.17 Sec. 13. Minnesota Statutes 2012, section 356.47, subdivision 1, is amended to read:

11.18 Subdivision 1. **Application.** This section applies to the balance of annual retirement
 11.19 annuities on the amount of retirement annuity reductions after reemployed annuitant
 11.20 earnings limitations for retirement plans governed by section 352.115, subdivision 10;
 11.21 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3, for the Duluth Teachers
 11.22 Retirement Fund Association. This section also applies to the balance of annual retirement
 11.23 annuities on the amount of retirement annuity reductions under section 354A.31,
 11.24 subdivision 3, for members of the St. Paul Teachers Retirement Fund Association whose
 11.25 effective date of retirement is before July 1, 2013.

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

11.27 Sec. 14. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

11.28 Subd. 5. **Termination of state aid programs.** The amortization state aid,
 11.29 supplemental amortization state aid, and additional amortization state aid programs
 11.30 terminate as of the December 31, next following the date of the actuarial valuation when
 11.31 the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued
 11.32 liability of that plan or ~~December 31, 2009~~ June 30, 2037, whichever is ~~later~~ earlier.

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

12.1 Sec. 15. **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION BYLAW**
12.2 **AMENDMENT AUTHORIZATION.**

12.3 Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the St. Paul
12.4 Teachers Retirement Fund Association is authorized to amend its articles of incorporation
12.5 or its bylaws to apply the reduction factors stated in section 11 rather than the actuarial
12.6 reduction factors previously authorized.

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