# CHAPTER 356

# RETIREMENT SYSTEMS, GENERALLY



## 356.20 PUBLIC PENSION FUND FINANCIAL REPORTING REQUIREMENT.

*[For text of subd 1, see M.S.1994]*

Subd. 2. **Covered public pension funds.** (1) State employees retirement fund.

(2) Public employees retirement fund.

(3) Teachers retirement association.

(4) State patrol retirement fund.

(5) Minneapolis teachers retirement fund association.

(6) St. Paul teachers retirement fund association.

(7) Duluth teachers retirement fund association.

(8) Minneapolis employees retirement fund.

(9) University of Minnesota faculty retirement plan.

(10) University of Minnesota faculty supplemental retirement plan.

(11) Judges retirement fund.

(12) Any police or firefighter's relief association enumerated in section 69.77, subdivision 1a or 69.771, subdivision 1.

(13) Public employees police and fire fund.

(14) Minnesota state retirement system correctional officers retirement fund.

(15) Public employees local government correctional service retirement plan.

*[For text of subds 3 to 4a, see M.S.1994]*

**History:** *1995 c 141 art 3 s 20*

## 356.215 ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.

*[For text of subds 1 to 4c, see M.S.1994]*

Subd. 4d. **Interest and salary assumptions.** (a) For funds governed by chapters 352B, 353C, and by sections 352.90 through 352.951 and 353.63 through 353.68, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 6.5 percent.

(b) For funds governed by chapter 354A, the actuarial valuation must use preretirement and postretirement assumptions of 8.5 percent and a future salary increase assumption of 6.5 percent, but the actuarial valuation must reflect the payment of postretirement adjustments to retirees, based on the methods specified in the bylaws of the fund as approved by the legislature. For a fund governed by chapter 422A, the actuarial valuation shall use a preretirement interest assumption of six percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.04 multiplied by the salary for the preceding year.

(c) For all other funds not specified in paragraph (a), (b), (d), or (e), the actuarial valuation must use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 3.5 percent.

(d) For funds governed by chapters 3A, 352C, and 490, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 6.5 percent in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever applies, or from applicable compensation council recommendations under section 15A.082.

(e) For funds governed by sections 352.01 through 352.86, 353.01 through 353.46, and chapter 354, the actuarial valuation must use a preretirement interest assumption of 8.5, a postretirement interest assumption of five percent, and a graded rate future salary increase assumption as follows:

| age | General state employees retirement plan | General public employees retirement plan | Teachers retirement plan |
|---|---|---|---|
| 16 | 7.2500% | 8.71% | 7.25% |
| 17 | 7.2500 | 8.71 | 7.25 |
| 18 | 7.2500 | 8.70 | 7.25 |
| 19 | 7.2500 | 8.70 | 7.25 |
| 20 | 7.2500 | 7.70 | 7.25 |
| 21 | 7.1454 | 7.70 | 7.25 |
| 22 | 7.1094 | 7.70 | 7.25 |
| 23 | 7.0725 | 7.70 | 7.20 |
| 24 | 7.0363 | 7.70 | 7.15 |
| 25 | 7.0000 | 7.60 | 7.10 |
| 26 | 7.0000 | 7.51 | 7.05 |
| 27 | 7.0000 | 7.39 | 7.00 |
| 28 | 7.0000 | 7.30 | 7.00 |
| 29 | 7.0000 | 7.20 | 7.00 |
| 30 | 7.0000 | 7.20 | 7.00 |
| 31 | 7.0000 | 7.10 | 7.00 |
| 32 | 7.0000 | 7.10 | 7.00 |
| 33 | 7.0000 | 7.00 | 7.00 |
| 34 | 7.0000 | 7.00 | 7.00 |
| 35 | 7.0000 | 6.90 | 7.00 |
| 36 | 6.9019 | 6.80 | 7.00 |
| 37 | 6.8074 | 6.70 | 7.00 |
| 38 | 6.7125 | 6.60 | 6.90 |
| 39 | 6.6054 | 6.50 | 6.80 |
| 40 | 6.5000 | 6.40 | 6.70 |
| 41 | 6.3540 | 6.30 | 6.60 |
| 42 | 6.2087 | 6.30 | 6.50 |
| 43 | 6.0622 | 6.30 | 6.35 |
| 44 | 5.9048 | 6.20 | 6.20 |
| 45 | 5.7500 | 6.20 | 6.05 |
| 46 | 5.6940 | 6.09 | 5.90 |
| 47 | 5.6375 | 6.00 | 5.75 |
| 48 | 5.5822 | 5.90 | 5.70 |
| 49 | 5.5405 | 5.80 | 5.65 |
| 50 | 5.5000 | 5.70 | 5.60 |
| 51 | 5.4384 | 5.70 | 5.55 |
| 52 | 5.3776 | 5.70 | 5.50 |
| 53 | 5.3167 | 5.70 | 5.45 |
| 54 | 5.2826 | 5.70 | 5.40 |

| | | | |
|---|---|---|---|
| 55 | 5.2500 | 5.70 | 5.35 |
| 56 | 5.2500 | 5.70 | 5.30 |
| 57 | 5.2500 | 5.70 | 5.25 |
| 58 | 5.2500 | 5.70 | 5.25 |
| 59 | 5.2500 | 5.70 | 5.25 |
| 60 | 5.2500 | 5.00 | 5.25 |
| 61 | 5.2500 | 5.00 | 5.25 |
| 62 | 5.2500 | 5.00 | 5.25 |
| 63 | 5.2500 | 5.00 | 5.25 |
| 64 | 5.2500 | 5.00 | 5.25 |
| 65 | 5.2500 | 5.00 | 5.25 |
| 66 | 5.2500 | 5.00 | 5.25 |
| 67 | 5.2500 | 5.00 | 5.25 |
| 68 | 5.2500 | 5.00 | 5.25 |
| 69 | 5.2500 | 5.00 | 5.25 |
| 70 | 5.2500 | 5.00 | 5.25 |

*[For text of subds 4e and 4f, see M.S.1994]*

Subd. 4g. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item

(i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the public employees retirement association police and fire fund, an excess of valuation assets over actuarial accrued liability will be amortized in the same manner over the same period as an unfunded actuarial accrued liability but will serve to reduce the required contribution instead of increasing it.

*[For text of subds 4h to 7, see M.S.1994]*

**History:** *1995 c 141 art 3 s 14,15*

## 356.219 DISCLOSURE OF ADDITIONAL PUBLIC PENSION PLAN INVESTMENT INFORMATION.

*[For text of subd 1, see M.S.1994]*

Subd. 2. **Content and timing of reports.** (a) The following information shall be included in the report required by subdivision 1:

(1) the market value of all investments at the close of the reporting period;

(2) regular payroll–based contributions to the fund;

(3) other contributions and revenue paid into the fund, including, but not limited to, state or local non–payroll–based contributions, repaid refunds, and buybacks;

(4) total benefits paid to members;

(5) fees paid for investment management services;

(6) salaries and other administrative expenses paid; and

(7) total return on investment.

The report must also include a written statement of the investment policy in effect on June 30, 1988, and any investment policy changes made subsequently and shall include the effective date of each policy change. The information required under this subdivision must be reported separately for each investment account or investment portfolio included in the pension fund.

(b) For public pension plans other than volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately for each quarter for the fiscal years of the pension fund ending during calendar years 1989 through 1991 and on a monthly basis thereafter. For volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately each quarter.

(c) Firefighters' relief associations that have assets with a market value of less than $300,000 must begin collecting the required information January 1, 1996, and must submit the required information to the state auditor on or before October 1, 1997, and subsequently within six months of the end of each fiscal year. Other associations must submit the required information through fiscal year 1993 to the state auditor on or before October 1, 1994, and subsequently within six months of the end of each fiscal year.

*[For text of subds 3 to 5, see M.S.1994]*

**History:** *1995 c 262 art 9 s 1*

**356.24 SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.**

Subdivision 1. **Restriction; exceptions.** (a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of $2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the premium on a tax–sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, and if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax–sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of $2,000 a year for each employee.

(b) A qualified insurance company is a company that:

(1) meets the definition in section 60A.02, subdivision 4;

(2) is licensed to engage in life insurance or annuity business in the state;

(3) is determined by the commissioner of commerce to have a rating within the top two rating categories by a recognized national rating agency or organization that regularly rates insurance companies; and

(4) is determined by the state board of investment to be among the ten applicant insurance companies with competitive options and investment returns on annuity products. The state board of investment determination must be made on or before January 1, 1993, and must be reviewed periodically. The state board of investment may retain actuarial services to assist it in this determination and in its periodic review. The state board of investment may annually establish a budget for its costs in any determination and periodic review processes. The state board of investment may charge a proportional share of all costs related to the periodic review to those companies currently under contract and may charge a proportional share of all costs related to soliciting and evaluating bids in a determination process to each company selected by the state board of investment. All contracts must be approved before execution by the state board of investment. The state board of investment shall establish policies and procedures under section 11A.04, clause (2), to carry out this paragraph.

(c) A personnel policy for unrepresented employees or a collective bargaining agreement may establish limits on the number of vendors under paragraph (b), clause (5), that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

*[For text of subd 2, see M.S.1994]*

**History:** *1995 c 141 art 3 s 16; art 4 s 7; 1995 c 212 art 4 s 64*

## 356.30 COMBINED SERVICE ANNUITY.

Subdivision 1. **Eligibility; computation of annuity.** (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the basic program of the teachers retirement association, the public employees police and fire fund, and the state patrol retirement fund, must not exceed 2–1/2 percent per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed 2.65 percent per year of service for any year of service or fraction thereof. The formula percentage used by the teachers retirement association must not exceed 2.63 percent per year of basic program service for any year of basic program service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

*[For text of subds 2 and 2a, see M.S.1994]*

Subd. 3. **Covered funds.** This section applies to the following retirement funds:

(1) state employees retirement fund, established pursuant to chapter 352;

(2) correctional employees retirement program, established pursuant to chapter 352;

(3) unclassified employees retirement plan, established pursuant to chapter 352D;

(4) state patrol retirement fund, established pursuant to chapter 352B;

(5) legislators' retirement plan, established pursuant to chapter 3A;

(6) elective state officers' retirement plan, established pursuant to chapter 352C;

(7) public employees retirement association, established pursuant to chapter 353;

(8) public employees police and fire fund, established pursuant to chapter 353;

(9) teachers retirement association, established pursuant to chapter 354;

(10) Minneapolis employees retirement fund, established pursuant to chapter 422A;

(11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;

(12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;

(13) Duluth teachers retirement fund association, established pursuant to chapter 354A;

(14) public employees local government correctional service retirement plan established by sections 353C.01 to 353C.10; and

(15) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** *1995 c 141 art 3 s 20; 1995 c 262 art 1 s 13; art 3 s 6*

**356.302 DISABILITY BENEFIT WITH COMBINED SERVICE.**

*[For text of subds 1 to 6, see M.S.1994]*

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

(1) state employees retirement fund, established by chapter 352;

(2) unclassified employees retirement plan, established by chapter 352D;

(3) public employees retirement association, established by chapter 353;

(4) teachers retirement association, established by chapter 354;

(5) Duluth teachers retirement fund association, established by chapter 354A;

(6) Minneapolis teachers retirement fund association, established by chapter 354A;

(7) St. Paul teachers retirement fund association, established by chapter 354A;

(8) Minneapolis employees retirement fund, established by chapter 422A;

(9) correctional employees retirement plan, established by chapter 352;

(10) state patrol retirement fund, established by chapter 352B;

(11) public employees police and fire fund, established by chapter 353; and

(12) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** *1995 c 141 art 3 s 20*

## 356.303 SURVIVOR BENEFIT WITH COMBINED SERVICE.

*[For text of subds 1 to 3, see M.S.1994]*

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

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

(2) state employees retirement fund, established by chapter 352;

(3) correctional employees retirement plan, established by chapter 352;

(4) state patrol retirement fund, established by chapter 352B;

(5) elective state officers retirement plan, established by chapter 352C;

(6) unclassified employees retirement plan, established by chapter 352D;

(7) public employees retirement association, established by chapter 353;

(8) public employees police and fire fund, established by chapter 353;

(9) teachers retirement association, established by chapter 354;

(10) Duluth teachers retirement fund association, established by chapter 354A;

(11) Minneapolis teachers retirement fund association, established by chapter 354A;

(12) St. Paul teachers retirement fund association, established by chapter 354A;

(13) Minneapolis employees retirement fund, established by chapter 422A; and

(14) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** *1995 c 141 art 3 s 20*

## 356.305 LOSS OF ENTITLEMENT TO BENEFITS FOR SURVIVOR CAUSING DEATH OF PENSION PLAN MEMBER.

Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any relief association governed by section 69.77 or sections 69.771 through 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin county supplemental retirement plan governed by sections 383B.46 through 383B.52, or any housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan, a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension, a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan, or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Subd. 2. **Suspension of survivor benefits upon felony charge.** During the pendency of a charge of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is suspended.

Subd. 3. **Forfeiture of survivor benefits upon felony conviction.** Upon final conviction of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is forfeited, including entitlement for any previously suspended survivor benefits under subdivision 2.

Subd. 4. **Suspension or forfeiture actions separate.** The charge of one survivor under subdivision 2 or the conviction of one survivor under subdivision 3 does not affect the entitlement of another survivor to a survivor benefit.

Subd. 5. **Recovery of certain benefits.** If monthly benefits or a refund or balance of a participant or former participant's account have already been paid to an individual who is later charged or convicted as described under this section, the executive director or chief administrative officer of the public pension plan shall attempt to recover the amounts paid. Payment may be made to the next beneficiary or survivor only in an amount equal to the amount recovered and in the amount of any future payments that would legally accrue to another survivor under the applicable laws of the retirement plan.

Subd. 6. **Disposition of forfeited survivor benefits.** If the benefit plan document governing the public pension plan does not provide for the disposition of forfeited benefits, survivor benefits forfeited under this section must be deposited in the general fund of the state.

**History:** *1995 c 141 art 1 s 1*

## 356.306 PARTIAL PAYMENT OF PENSION PLAN REFUND.

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one–third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit is allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

**History:** *1995 c 262 art 1 s 14*

## 356.31 RESTORATION OF SURVIVOR BENEFITS.

*[For text of subd 1, see M.S.1994]*

Subd. 2. **Covered funds.** The provisions of this section shall apply to the following retirement funds:

(1) Public employees retirement fund, established pursuant to chapter 353;

(2) Public employees police and fire fund, established pursuant to chapter 353;

(3) State patrol retirement fund, established pursuant to chapter 352B;

(4) Legislators' retirement plan, established pursuant to chapter 3A;

(5) Elective state officers retirement plan, established pursuant to chapter 352C;

(6) Teachers retirement association, established pursuant to chapter 354;

(7) Minneapolis employees retirement fund, established pursuant to chapter 422A.

**History:** *1995 c 141 art 3 s 20*

**356.32 PROPORTIONATE ANNUITY AT AGE 65.**

*[For text of subd 1, see M.S.1994]*

Subd. 2. **Covered funds.** The provisions of this section shall apply to the following retirement funds:

(1) state employees retirement fund, established pursuant to chapter 352;

(2) correctional employees retirement program, established pursuant to chapter 352;

(3) state patrol retirement fund, established pursuant to chapter 352B;

(4) public employees retirement fund, established pursuant to chapter 353;

(5) public employees police and fire fund, established pursuant to chapter 353;

(6) teachers retirement association, established pursuant to chapter 354;

(7) Minneapolis employees retirement fund, established pursuant to chapter 422A;

(8) Duluth teachers retirement fund association, established pursuant to chapter 354A;

(9) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;

(10) St. Paul teachers retirement fund association, established pursuant to chapter 354A;

(11) public employees local government correctional service retirement plan established by sections 353B.01 to 353B.10.

**History:** *1995 c 141 art 3 s 20*

**356.35 DEFINITIONS.**

*[For text of subds 1 to 4, see M.S.1994]*

Subd. 5. "Covered retirement fund" means:

(1) the state patrol retirement fund;

(2) the public employees police and fire fund;

(3) the public employees retirement fund;

(4) the state employees retirement fund;

(5) the teachers retirement association;

(6) the Minneapolis employees retirement fund;

(7) the legislators' retirement plan;

(8) the St. Paul teachers retirement fund; or

(9) the Duluth teachers retirement fund.

**History:** *1995 c 141 art 3 s 20*

**356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.**

Subdivision 1. **State salary limitations.** (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund under section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. **Federal compensation limits.** For members first contributing to a pension plan covered under section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in Internal Revenue Code 401(a)(17) shall not be included for contribution and benefit computation purposes. The compensation limit set forth in Internal Revenue Code 401(a)(17) on June 30, 1993, shall apply to members first contributing before July 1, 1995.

**History:** *1995 c 262 art 1 s 15*

## 356.86 POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.

*[For text of subds 1 and 2, see M.S.1994]*

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

(1) public employees retirement fund;

(2) public employees police and fire fund;

(3) teachers retirement association;

(4) state patrol retirement fund;

(5) state employees retirement fund of the Minnesota state retirement system;

(6) Minneapolis teachers retirement fund association established under chapter 354A;

(7) St. Paul teachers retirement fund association, established under chapter 354A; and

(8) Duluth teachers retirement fund association established under chapter 354A.

*[For text of subds 4 to 6, see M.S.1994]*

**History:** *1995 c 141 art 3 s 20*

## 356.865 SUPPLEMENTAL BENEFIT; LUMP SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.

*[For text of subds 1 and 2, see M.S.1994]*

Subd. 3. **Cost.** The cost of the payments made under this section is the responsibility of the state. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually $550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3.

**History:** *1995 c 262 art 2 s 8*

## 356.87 HEALTH INSURANCE WITHHOLDING.

Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund listed in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and pay the premium amounts to the public employees insurance program. The public employees insurance program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

**History:** *1995 c 248 art 10 s 17*