

352.04 STATE EMPLOYEES RETIREMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subdivision 1. **Fund created.** There is created a special fund to be known as the general state employees retirement fund. In that fund, employee contributions, employer contributions, and other amounts authorized by law must be deposited.

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be equal to the following percent of salary:

| | |
|-------------------------------------|-------|
| before July 1, 2007 | 4.00 |
| from July 1, 2007, to June 30, 2008 | 4.25 |
| from July 1, 2008, to June 30, 2009 | 4.50 |
| from July 1, 2009, to June 30, 2010 | 4.75 |
| from July 1, 2010, and thereafter | 5.00. |

(b) These contributions must be made by deduction from salary as provided in subdivision 4.

Subd. 3. **Employer contributions.** The employer contribution to the fund must be equal to the following percent of salary:

| | |
|-------------------------------------|-------|
| before July 1, 2007 | 4.00 |
| from July 1, 2007, to June 30, 2008 | 4.25 |
| from July 1, 2008, to June 30, 2009 | 4.50 |
| from July 1, 2009, to June 30, 2010 | 4.75 |
| from July 1, 2010, and thereafter | 5.00. |

Subd. 4. **Payroll deductions.** The head of each department shall have employee contributions deducted from the salary of each employee covered by the system on every payroll abstract and shall approve one voucher payable to the commissioner of management and budget for the aggregate amount deducted on the payroll abstract. Deductions from salaries of employees paid direct by any department, institution, or agency of the state must be made by the officer or employee authorized by law to pay the salaries. The head of any department or agency having authority to appoint any employee who receives fees as compensation or who receives compensation on federal payrolls shall collect as the required employee contribution the applicable amounts required in subdivision 2. Deductions from salary and amounts collected must be remitted to the director with a statement showing the amount of earnings or fees, and in the case of fees, the number of transactions, and the amount of each of the deductions and collections and the names of the employees on whose account they have been made.

Subd. 5. **Payment of employer contributions.** The head of each department or agency shall have employer contributions made to the fund on a payroll abstract at the time an employee is paid salary in the amounts required by subdivision 3. These contributions must be charged as administrative costs. Each department shall pay these amounts from accounts and funds from which the department or agency receives its revenue, including appropriations from the general fund and from any other fund for the payment of salaries and in the same proportion as it pays the amounts of salaries.

Subd. 6. **Quasi-state agencies; employer contributions.** For those of their employees who are covered by the system, the State Horticultural Society, the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, the Minnesota Crop Improvement Association, the Minnesota Historical Society, the Armory Building Commission, the Minnesota Safety Council, the Metropolitan Council and any of its statutory boards, the employer of persons described in section 352.01, subdivision 2a, paragraph (a), clause (15), and any other agency employing employees covered by this system, respectively, shall also pay into the retirement fund the amount required by subdivision 3.

Subd. 7. [Repealed, 1973 c 221 s 11]

Subd. 8. **Department required to pay omitted salary deductions.** (a) If a department fails to take deductions past due for a period of 60 days or less from an employee's salary as provided in this section, those deductions must be taken on later payroll abstracts.

(b) If a department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, must pay on later payroll abstracts the employee and employer contributions and an amount equivalent to 8.5 percent of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent compound annual interest.

(c) If a department fails to take deductions past due for a period of 60 days or less and the employee is no longer in state service so that the required deductions cannot be taken from the salary of the employee, the department must nevertheless pay the required employer contributions. If any department fails to take deductions past due for a period in excess of 60 days and the employee is no longer in state service, the omitted contributions must be recovered under paragraph (b).

(d) If an employee from whose salary required deductions were past due for a period of 60 days or less leaves state service before the payment of the omitted deductions and subsequently returns to state service, the unpaid amount is considered the equivalent of a refund. The employee accrues no right by reason of the unpaid amount, except that the employee may pay the amount of omitted deductions as provided in section 352.23.

Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the salary of an employee for the retirement fund in excess of required amounts must, upon discovery and verification by the department making the deduction, be refunded to the employee.

(b) If a deduction for the retirement fund is taken from a salary warrant or check, and the check is canceled or the amount of the warrant or check returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the rate of 0.71 percent per month, compounded annually, from the first day of the

month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

Subd. 10. [Repealed, 2Sp1981 c 1 s 8]

Subd. 11. **Gifts and bequests.** The director may credit to the retirement fund any money received in the form of donations, gifts, appropriations, bequests, or otherwise, or derived from it.

Subd. 12. **Fund disbursement restricted.** The general state employees retirement fund must be disbursed only for the purposes provided by law. The expenses of the system and any benefits provided by law must be paid from the general state employees retirement fund. The retirement allowances, retirement annuities, and disability benefits, as well as refunds of any sum remaining to the credit of a deceased retired employee or a disabled employee must be paid from the general state employees retirement fund. The amounts necessary to make the payments from the general state employees retirement fund are annually appropriated from that fund for those purposes.

History: (254-4) 1929 c 191 s 4; 1931 c 351 s 4; 1933 c 326 s 4; 1935 c 238 s 4; 1939 c 432 s 2; 1941 c 391 s 4; 1943 c 622 s 3; 1945 c 284 s 5-7; 1945 c 603 s 1; 1947 c 631 s 10,11; 1949 c 644 s 9,10; 1951 c 441 s 13,14; 1955 c 239 s 7,8; 1957 c 928 s 8,33; 1961 c 633 s 1; Ex1961 c 67 s 3-6; 1963 c 383 s 12-19; 1965 c 861 s 1; 1967 c 571 s 1; Ex1967 c 57 s 11; 1969 c 399 s 1; 1969 c 893 s 3-5; 1971 c 194 s 1; 1973 c 492 s 14; 1973 c 653 s 26,27; 1980 c 607 art 14 s 45 subd 2; s 46; 1980 c 614 s 136; 3Sp1981 c 2 art 1 s 64,65; 1982 c 578 art 1 s 2; 1982 c 641 art 1 s 9,10; 1984 c 564 s 4,5; 1986 c 444; 1987 c 229 art 6 s 1; 1989 c 319 art 13 s 3,4; 1990 c 591 art 2 s 1,2; 1992 c 513 art 4 s 38,39; 1992 c 598 art 1 s 3; 1993 c 307 art 1 s 6,7; 1994 c 508 art 1 s 1; 1994 c 528 art 1 s 4,5; 1996 c 438 art 2 s 1; 1997 c 233 art 1 s 17,18; 2003 c 112 art 2 s 50; 1Sp2005 c 8 art 10 s 15,16; 2006 c 271 art 1 s 1,2,9; 2009 c 101 art 2 s 109; 2009 c 169 art 1 s 10,11; 2010 c 359 art 2 s 3