

353F.04 AUGMENTATION INTEREST RATES FOR PRIVATIZED EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a privatized employee is subject to augmentation under section 353.34, subdivision 3, except that the rate of augmentation is as specified in this section.

(b) This paragraph applies if the effective date of privatization was on or before January 1, 2007, and also applies to Hutchinson Area Health Care with a privatization effective date of January 1, 2008. For a privatized employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the privatized employee attains age 55. After that date, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, and if the effective date of the privatization is after January 1, 2007, and before January 1, 2011, then the augmentation rate is four percent compounded annually until January 1, following the year in which the privatized employee attains age 55. After that date, the augmentation rate is six percent compounded annually.

(d) If the effective date of the privatization is after December 31, 2010, the augmentation rate depends on the result of computations specified in section 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the general employees retirement fund, the augmentation rate is two percent compounded annually. If the computations under that subdivision indicate a net loss to the fund if a two percent augmentation rate is used, but a net gain or no loss if a one percent rate is used, then the augmentation rate is one percent compounded annually.

(e) Notwithstanding paragraphs (b) to (d), after June 30, 2020, and before January 1, 2024, the augmentation rate for all privatized employees under paragraphs (b) to (d) is two percent compounded annually. After December 31, 2023, no additional augmentation is applied to the deferred annuities of privatized employees.

Subd. 2. **Exceptions.** The augmentation rates specified in subdivision 1 do not apply to a privatized employee:

(1) beginning the first of the month in which the privatized employee becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if the employee accrues at least six months of credited service in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

(2) beginning the first of the month in which the privatized employee becomes covered again by the general employees retirement plan;

(3) beginning the first of the month after a privatized employee terminates service with the privatized employer;

(4) if the privatized employee begins receipt of a retirement annuity while employed by the privatized employer; or

(5) if the effective date of privatization occurs after June 30, 2020.

History: 1999 c 222 art 1 s 4; 2006 c 271 art 5 s 3; 2007 c 134 art 5 s 2; 2012 c 286 art 7 s 2; 2013 c 111 art 3 s 20; 2015 c 68 art 12 s 30; 2018 c 211 art 10 s 16; 2020 c 108 art 3 s 4; 2025 c 37 art 4 s 15

NOTE: The amendment to this section by Laws 2025, chapter 37, article 4, section 15, is effective July 1, 2027. Laws 2025, chapter 37, article 4, section 26.